

State of Arizona  
House of Representatives  
Forty-seventh Legislature  
Second Regular Session  
2006

# HOUSE BILL 2876

## AN ACT

AMENDING SECTIONS 9-121, 9-122, 9-524 AND 9-528, ARIZONA REVISED STATUTES; AMENDING SECTION 9-571, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 239, SECTION 2; AMENDING SECTIONS 9-824, 11-269.02, 11-671, 15-365, 15-403 AND 15-450, ARIZONA REVISED STATUTES; AMENDING SECTION 15-481, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 217, SECTION 4; AMENDING SECTION 15-491, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 217, SECTION 5; AMENDING SECTIONS 15-913, 15-913.01, 15-971, 15-994 AND 15-1465, ARIZONA REVISED STATUTES; AMENDING SECTION 16-204, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 44, SECTION 5; AMENDING SECTIONS 35-452 AND 35-453, ARIZONA REVISED STATUTES; AMENDING SECTION 35-454, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 217, SECTION 7; AMENDING SECTIONS 41-1276, 42-1116, 42-5001, 42-5010, 42-5029 AND 42-5069, ARIZONA REVISED STATUTES; REPEALING SECTION 42-5077, ARIZONA REVISED STATUTES; AMENDING SECTIONS 42-5201 AND 42-5202, ARIZONA REVISED STATUTES; REPEALING TITLE 42, CHAPTER 5, ARTICLE 9, ARIZONA REVISED STATUTES; AMENDING SECTIONS 42-17201, 42-17202, 42-17203, 43-1011, 48-1037, 48-1045, 48-1409, 48-1413, 48-1416, 48-1612, 48-1615, 48-1793, 48-1907, 48-1912, 48-2011.01, 48-2020, 48-2214, 48-2223, 48-2442, 48-2635, 48-2708, 48-2709, 48-2751, 48-2773, 48-3189, 48-3190, 48-3618, 48-3620, 48-4021, 48-4543, 48-5501.01 AND 48-5566, ARIZONA REVISED STATUTES; RELATING TO TAXATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 9-121, Arizona Revised Statutes, is amended to  
3 read:

4 9-121. Consolidation of towns

5 A. When the common councils of two incorporated towns having a common  
6 boundary and located in a county having a population of less than one hundred  
7 fifty thousand PERSONS each pass a resolution requesting an election for the  
8 purpose of consolidating the two towns into one incorporated town, the board  
9 of supervisors of the county shall, within sixty days after certified copies  
10 of the resolutions of the two towns are filed with the clerk of the board of  
11 supervisors, adopt a resolution calling an election upon the question of the  
12 consolidation, and the question of the name of the new proposed town, which  
13 election shall be held on a date prescribed by section 16-204 but not more  
14 than one hundred eighty days after the county resolution is filed. The  
15 resolution shall set forth the following:

- 16 1. The date on which the election is to be held.
- 17 2. The places where votes may be cast, and at least one place shall be  
18 designated within the corporate limits of each of the two towns.
- 19 3. The hours between which the polling places will be open.
- 20 4. The name of the proposed consolidated town listing two to four  
21 choices.

22 B. The election resolution shall be published in full at least once,  
23 not less than fifteen nor more than thirty days prior to the date of the  
24 election in a newspaper published in the county. If there is no such  
25 newspaper, the resolution shall be posted in five conspicuous places in each  
26 of the municipalities not less than fifteen nor more than thirty days prior  
27 to the date of the election.

28 C. At the election, the ballot shall contain and may be limited to the  
29 following:

30 1. The phrases "for the consolidation" and "against the  
31 consolidation". To the right of and opposite each phrase shall be placed a  
32 square approximately the size of squares placed opposite the names of  
33 candidates on ballots. The voter shall indicate his vote for the  
34 consolidation or against the consolidation by inserting the mark "X" in the  
35 square opposite the appropriate phrase. No other question, word nor figure  
36 need be printed on the ballot. The ballot need not be any particular size  
37 nor need sample ballots be printed, posted or distributed.

38 2. The phrase "if consolidation is approved, choose one of the  
39 following as the name of the new proposed town." To the right of and  
40 opposite each suggested name shall be placed a square approximately the size  
41 of squares placed opposite the names of candidates on ballots. The voter  
42 shall indicate the vote for the name of the new proposed town by inserting  
43 the mark "X" in one square only opposite the name chosen.

44 D. Only qualified electors of the towns shall vote on the question. If  
45 a majority of the qualified electors voting thereon, in each incorporated

1 town, votes for consolidation, then the board of supervisors shall by an  
2 order entered of record by the board declare the two incorporated towns  
3 consolidated into one incorporated town, and the order of the board shall  
4 designate the name of the town, which shall be the name chosen by the most  
5 voters in the election as set forth in the resolution calling the election.

6 E. Except as otherwise provided in this article, the manner of  
7 conducting the registration and election, keeping the poll lists, making the  
8 returns, declaring the results and doing all acts relating to the election  
9 shall conform to the procedure provided by law for the registration and  
10 qualification of electors and holding ~~special~~ elections wherein the question  
11 of issuance of bonds of municipal corporations is submitted to an election.

12 F. The first common council for the new town shall be appointed by the  
13 board of supervisors in the manner provided in section 9-231, for towns newly  
14 incorporated.

15 G. The incorporated limits of the new town shall be the combined  
16 corporate limits of the two former incorporated towns at the time of the  
17 election. The ordinances and resolutions of the former towns shall continue  
18 in force unless repealed or changed by the new common council. In case of  
19 conflict between ordinances or resolutions, the ordinance or resolution of  
20 the former town having the largest population at the last federal decennial  
21 census shall prevail. The new town shall be liable for all debts and  
22 liabilities of the two former towns, and shall be entitled to receive all  
23 property and rights of action belonging to the former towns.

24 H. Towns incorporated pursuant to ~~the provisions of~~ this article shall  
25 have all powers, duties, rights and privileges granted to incorporated towns  
26 under the laws and constitution of the state of Arizona.

27 Sec. 2. Section 9-122, Arizona Revised Statutes, is amended to read:  
28 9-122. Unification of a city and a town

29 A. If the common council of a city and the common council of a town  
30 whose boundaries are within five miles of each other at one or more points  
31 pass a resolution requesting an election for the purpose of unifying the city  
32 and the town into one incorporated city, and a petition is received from the  
33 unincorporated areas ~~which~~ **THAT** separate the city or town boundaries or are  
34 contiguous to the boundaries and is signed by at least ten per cent of the  
35 qualified electors in such unincorporated area, within sixty days, the board  
36 of supervisors of the county shall adopt a resolution calling an election on  
37 the question of the unification and the question of the name of the new  
38 proposed city. The election shall be held on a date prescribed by section  
39 16-204 but not more than one hundred eighty days after the county resolution  
40 is filed. The resolution shall set forth the following:

41 1. The date on which the election is to be held.

42 2. The places where votes may be cast. At least one place shall be  
43 designated within the corporate limits of the city and the town and the  
44 unincorporated area proposing the unification.

45 3. The hours between which the polling places will be open.

1           4. The name of the proposed unified city.

2           B. The election resolution shall be published in full at least once,  
3 not less than thirty nor more than sixty days before the date of the  
4 election, in a newspaper published in the county. If there is no such  
5 newspaper, the resolution shall be posted in five conspicuous places in each  
6 of the municipalities and the affected unincorporated areas not less than  
7 thirty nor more than sixty days before the date of the election.

8           C. At the election, the ballot shall contain and may be limited to the  
9 phrases "for the unification" and "against the unification". A square  
10 approximately the size of the squares placed opposite the names of candidates  
11 on ballots shall be placed to the right of and opposite each phrase. A voter  
12 shall indicate a vote for the unification or against the unification by  
13 marking the ballot pursuant to the ballot instructions. The ballot is not  
14 required to be any particular size, and sample ballots are not required.

15           D. Only qualified electors of the city, the town and the  
16 unincorporated areas shall vote on the question. If a majority of the  
17 qualified electors voting on the question in each area votes for unification,  
18 the board of supervisors shall declare by an order entered of record the  
19 city, town and unincorporated areas unified into one incorporated city. The  
20 order of the board shall designate the name of the city.

21           E. Except as otherwise provided in this article, the manner of  
22 conducting the registration and election, keeping the poll lists, making the  
23 returns, declaring the results and doing all acts relating to the election  
24 shall conform to the procedure provided by law for the registration and  
25 qualification of electors and holding ~~special~~ elections in which the question  
26 of issuance of bonds of municipal corporations is submitted to an election.

27           F. The board of supervisors shall appoint the first common council for  
28 the new city. The board of supervisors shall appoint seven members at least  
29 two of whom shall be from each of the three areas unified. Following  
30 appointment, the council shall designate one of its members to serve as  
31 mayor. At the earliest possible date following the formation of the new  
32 city, the new city shall be divided by the appointed council into six  
33 districts, and an election shall be called to fill the six council districts  
34 and elect at large a directly elected mayor. The mayor and council members  
35 shall serve four year staggered terms. At the first election, the three  
36 council members with the highest vote shall serve four year terms and the  
37 three other council members elected shall serve two year terms in order to  
38 accomplish staggered terms for future elections.

39           G. The incorporated limits of the new city shall be those shown on the  
40 resolutions from the incorporated city and town and shall be their combined  
41 corporate limits plus the unincorporated areas that appear on the petition  
42 submitted pursuant to subsection A of this section and that are between or  
43 adjacent to the city and the town. In no event shall any such petition  
44 include land or improvements utilized for mining, metallurgical or related  
45 environmental remediation purposes without written consent of the

landowner. The ordinances and resolutions of the former city, town and county shall continue in force unless repealed or changed by the new common council, including franchises and transaction privilege taxes. In the case of conflict between ordinances or resolutions, the ordinances or resolutions of the former city or town with the larger population shall prevail, except that zoning regulations applying to property at the time of unification shall remain in effect until the council of the new unified city adopts a zoning ordinance applying to the property. The new city shall be liable for all debts and liabilities of the former city and town and shall be entitled to receive all property and rights of action belonging to the former city and town.

H. A city incorporated pursuant to this ~~article~~ SECTION has all powers, duties, rights and privileges granted to incorporated cities and towns under the laws and constitution of this state. For purposes of state shared revenues, including state ~~sales~~ TRANSACTION PRIVILEGE tax, state income tax, vehicle license taxes, highway user revenues and local transportation assistance fund monies, a combined amount ~~which~~ THAT would have been distributed to the former town and city unified shall be distributed to the new city until a combined census count including the unincorporated areas can be obtained. Once the combined census count is obtained, the updated census count shall be used for the distribution of the state shared revenues retroactive to the first of the month following unification. The annual population estimate of the unified city prepared by the department of economic security shall be used for distribution of local transportation assistance fund monies.

I. The unified city shall have a property tax levy limit calculated as the combined maximum allowable levy limit of the town and city unless another levy limit is approved by the voters of the unified city at a regularly scheduled election. The expenditure limit of the unified city shall be the alternative expenditure limitation of the largest city until the fiscal year following the unified city's first general election. At such election, the council may propose an alternative expenditure limitation or permanent base adjustment and if not approved the unified city's expenditure limitation shall be calculated using the formula provided for a newly incorporated city unless subsequently changed by the voters.

Sec. 3. Section 9-524, Arizona Revised Statutes, is amended to read:  
9-524. Election order and call; publication; posting

A. The governing body shall order and call an election upon the question of the issuance of bonds. The order and call shall state in substance:

1. The maximum amount of bonds to be issued.
2. The purpose for which the bonds are to be issued.
3. The maximum rate of interest which the bonds are to bear.
4. A brief concise statement, which need not include any detail other than the mere statement of the fact, showing that the bonds will be payable

1 solely from revenues unless the bonds are to be tax secured bonds in which  
2 case the order and call shall state in substance that the bonds shall be  
3 payable from revenues and shall additionally be payable from taxes levied  
4 upon all taxable property in the municipality.

5 5. The date on which the election is to be held AS PRESCRIBED BY  
6 SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).

7 6. The places where votes may be cast.

8 7. The hours between which polling places will be open.

9 B. The order and call of election shall be published in full at least  
10 once, not less than fifteen nor more than thirty days prior to the date of  
11 the election, in a newspaper published in the county and of general  
12 circulation in the municipality. If there is no such newspaper, the order  
13 and call shall be printed in full and posted in five conspicuous places in  
14 the municipality not less than fifteen nor more than thirty days prior to the  
15 date of the election.

16 C. If the bonds are to be tax secured bonds, the order and call of  
17 election shall state, in addition to the requirements of subsection A OF THIS  
18 SECTION, the matters required by title 35, chapter 3, article 3 and shall be  
19 posted and published as required by that article rather than as provided in  
20 subsection B OF THIS SECTION.

21 Sec. 4. Section 9-528, Arizona Revised Statutes, is amended to read:  
22 9-528. Application of election laws

23 Except as otherwise provided in this article, the manner of conducting  
24 the registration and election, keeping the poll lists, making the returns,  
25 declaring the results and doing all acts relating to the election shall  
26 conform to the procedure provided by law for the registration and  
27 qualification of electors and holding ~~special~~ elections wherein the question  
28 of issuance of bonds of municipal corporations is submitted to an election.

29 Sec. 5. Section 9-571, Arizona Revised Statutes, as amended by Laws  
30 2006, chapter 239, section 2, is amended to read:

31 9-571. Wastewater treatment and drinking water treatment  
32 facilities and nonpoint source projects; financial  
33 assistance loan repayment agreements; definitions

34 A. Notwithstanding any other law, a city or town may construct,  
35 acquire from a willing seller or improve a wastewater treatment facility,  
36 drinking water facility or nonpoint source project with monies borrowed from  
37 or financial assistance including forgivable principal provided by the water  
38 infrastructure finance authority of Arizona.

39 B. To repay financial assistance from the water infrastructure finance  
40 authority of Arizona a city or town may enter into a financial assistance  
41 loan repayment agreement with the authority. A financial assistance loan  
42 repayment agreement is payable from any revenues otherwise authorized by law  
43 to be used to repay long-term obligations. If revenue from a property tax  
44 assessment is the designated source of repayment under the agreement, the

1 property tax assessed and levied is a secondary property tax levy for  
2 purposes of article IX, Constitution of Arizona.

3 C. For any city or town with a population of more than fifty thousand  
4 persons, the governing body of the city or town shall submit the question of  
5 entering and performing a financial assistance loan repayment agreement to  
6 the qualified electors voting at a regular or special election in the city or  
7 town, **EXCEPT THAT IF REVENUE FROM A SECONDARY PROPERTY TAX LEVY IS THE**  
8 **DESIGNATED SOURCE OF REPAYMENT OR IF THE PROJECT IS CONSTRUCTED WITH AN**  
9 **IMPROVEMENT DISTRICT, THE QUESTION SHALL BE SUBMITTED TO THE QUALIFIED**  
10 **ELECTORS AT AN ELECTION HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY**  
11 **IN NOVEMBER.** For a city or town with a population of fifty thousand persons  
12 or less, the revenues of the city's or town's utility system or systems may  
13 be pledged to the payment of the repayment agreement without an election, if  
14 the pledge of revenues does not violate any covenant pertaining to the  
15 utility system or systems or the revenues pledged to secure outstanding bonds  
16 or other obligations of the city or town. An election is not required if  
17 voter approval has previously been obtained for substantially the same  
18 project with another funding source ~~or if the project is constructed with an~~  
19 ~~improvement district~~. If a majority of the qualified electors voting on the  
20 question:

21 1. Approves, the governing body may execute, deliver and perform the  
22 financial assistance loan repayment agreement.

23 2. Disapproves, the governing body shall not execute a financial  
24 assistance loan repayment agreement.

25 D. Payments made pursuant to a financial assistance loan repayment  
26 agreement are not subject to section 42-17106.

27 E. A financial assistance loan repayment agreement entered into  
28 pursuant to this section shall contain the covenants and conditions  
29 pertaining to the construction, acquisition or improvement of a wastewater  
30 treatment or drinking water facility or nonpoint source project and repayment  
31 of the loan as the water infrastructure finance authority of Arizona deems  
32 proper. Financial assistance loan repayment agreements may provide for the  
33 payment of interest on the unpaid principal balance of such agreement at the  
34 rates established in the agreement. The agreement may also provide for  
35 payment of the city's or town's proportionate share of the expenses of  
36 administering the clean water and drinking water revolving funds established  
37 by sections 49-1221 and 49-1241 and may provide that the city or town pay  
38 financing and loan administration fees approved by the water infrastructure  
39 finance authority. These costs may be included in the levy or assessment  
40 amounts pledged to repay the financial assistance. Cities and towns are  
41 bound by and shall fully perform the loan repayment agreements, and the  
42 agreements are incontestable after the loan is funded by the water  
43 infrastructure finance authority of Arizona. The city or town shall also  
44 agree to pay the authority's costs in issuing bonds or otherwise borrowing to  
45 fund a loan.

1 F. A financial assistance loan repayment agreement under this section  
2 does not create a debt of the city or town, and the authority shall not  
3 require that payment of a financial assistance loan repayment agreement be  
4 made from other than those sources permitted in subsection B of this section  
5 and as prescribed by sections 49-1225 and 49-1245.

6 G. A city or town may employ attorneys, accountants, financial  
7 consultants and such other experts in their field as deemed necessary to  
8 perform services with respect to the financial assistance loan repayment  
9 agreement.

10 H. This section is supplemental and alternative to any other law under  
11 which a city or town may borrow money or issue bonds. This section shall not  
12 be construed as the exclusive authorization to enter into loan agreements  
13 with the authority.

14 I. A city or town may borrow additional monies or enter into  
15 additional financial assistance loan repayment agreements with the water  
16 infrastructure finance authority in an amount up to the amount approved by  
17 the voters pursuant to subsection C of this section less the amount that the  
18 city or town is already obligated to repay to the water infrastructure  
19 finance authority pursuant to a financial assistance loan repayment  
20 agreement.

21 J. For the purposes of this section:

22 1. "City" includes both cities formed pursuant to this title and  
23 charter cities.

24 2. "Nonpoint source project" has the same meaning prescribed in  
25 section 49-1201.

26 Sec. 6. Section 9-824, Arizona Revised Statutes, is amended to read:  
27 9-824. Registration for elections

28 ~~A. In special elections where the question of issuing bonds of the~~  
29 ~~municipal corporation is submitted to the qualified electors thereof, who are~~  
30 ~~the owners of real property subject to taxation within the municipal~~  
31 ~~corporation, the governing body may by resolution MAY require a registration~~  
32 ~~of all persons to vote at the special elections, who possess such~~  
33 ~~qualifications. The resolution shall be passed at least thirty days prior to~~  
34 ~~holding the election, and the registration shall begin at least thirty days~~  
35 ~~before and close ten days prior to holding the election, and no person shall~~  
36 ~~be permitted to vote unless the real property of the person offering to vote~~  
37 ~~which is subject to taxation within the corporation appears on the last~~  
38 ~~assessment or tax roll of the municipal corporation.~~

39 ~~B. The assessor or tax collector of the corporation shall enter on the~~  
40 ~~assessment or tax roll the property of persons owning real property subject~~  
41 ~~to taxation within the corporation at any time prior to the day on which the~~  
42 ~~election is held upon application of such persons.~~



1           Sec. 7. Section 11-269.02, Arizona Revised Statutes, is amended to  
2 read:

3           11-269.02. Public facilities; voter approval; exemptions

4           A. Notwithstanding any other law, a county with a population of more  
5 than one million five hundred thousand persons according to the most recent  
6 United States decennial census shall not spend public monies, grant tax  
7 concessions or relief, incur debt or exchange property in any combined amount  
8 or value totaling more than three million dollars to construct or aid in the  
9 construction of an amphitheater, a sports facility, arena or complex or a  
10 convention facility, arena or complex without presenting the proposed  
11 expenditure to the ~~qualifying~~ QUALIFIED electors of the county with a  
12 population of more than one million five hundred thousand persons according  
13 to the most recent United States decennial census and approval of the  
14 expenditure by a majority of those voting in the election. IF REVENUE FROM A  
15 SECONDARY PROPERTY TAX LEVY IS THE DESIGNATED SOURCE OF PAYMENT OR IF THE  
16 PROJECT IS CONSTRUCTED WITH AN IMPROVEMENT DISTRICT, THE QUESTION SHALL BE  
17 SUBMITTED TO THE QUALIFIED ELECTORS AT AN ELECTION HELD ON THE FIRST TUESDAY  
18 FOLLOWING THE FIRST MONDAY IN NOVEMBER.

19           B. This section does not apply to an expenditure for a park, parkway,  
20 trail, recreational area or playground THAT IS established, maintained or  
21 administered by a county with a population of more than one million five  
22 hundred thousand persons according to the most recent United States decennial  
23 census AND that was not developed primarily for the commercial use of a  
24 private enterprise or collection of private enterprises.

25           Sec. 8. Section 11-671, Arizona Revised Statutes, is amended to read:

26           11-671. Financing wastewater treatment facilities and nonpoint  
27           source projects; financial assistance loan repayment  
28           agreements; definition

29           A. Notwithstanding any other law, a county authorized to operate a  
30 sewage system pursuant to section 11-264 may construct or improve a  
31 wastewater treatment facility or nonpoint source project with monies borrowed  
32 from or financial assistance provided by the water infrastructure finance  
33 authority of Arizona.

34           B. To repay financial assistance from the water infrastructure finance  
35 authority of Arizona a county may enter into a financial assistance loan  
36 repayment agreement with the authority. A financial assistance loan  
37 repayment agreement is payable from any revenues otherwise authorized by law  
38 to be used to pay long-term obligations. If revenue from a property tax  
39 assessment is the designated source of repayment under the agreement, the  
40 property tax assessed and levied is a secondary property tax levy for  
41 purposes of article IX, Constitution of Arizona.

42           C. The county board of supervisors shall submit the question of  
43 entering and performing a financial assistance loan repayment agreement to  
44 the qualified electors voting at a regular or special general election in the  
45 county, EXCEPT THAT IF REVENUE FROM A SECONDARY PROPERTY TAX LEVY IS THE

1 DESIGNATED SOURCE OF REPAYMENT OR IF THE PROJECT IS CONSTRUCTED WITH AN  
2 IMPROVEMENT DISTRICT, THE QUESTION SHALL BE SUBMITTED TO THE QUALIFIED  
3 ELECTORS AT AN ELECTION HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY  
4 IN NOVEMBER. OTHERWISE, an election is not required if voter approval has  
5 previously been obtained for substantially the same project with another  
6 funding source. If a majority of the qualified electors voting on the  
7 question:

8 1. Approves, the board of supervisors may execute, deliver and perform  
9 the financial assistance loan repayment agreement.

10 2. Disapproves, the board of supervisors shall not execute a financial  
11 assistance loan repayment agreement.

12 D. Payments made pursuant to a financial assistance loan repayment  
13 agreement are not subject to section 42-17106.

14 E. A financial assistance loan repayment agreement entered into  
15 pursuant to this section shall contain the covenants and conditions  
16 pertaining to the construction of a wastewater treatment facility or nonpoint  
17 source project and repayment of the loan as the water infrastructure finance  
18 authority of Arizona deems proper. Financial assistance loan repayment  
19 agreements may provide for the payment of interest on the unpaid principal  
20 balance of such agreement at the rates established in the agreement. The  
21 agreement may also provide for payment of the county's proportionate share of  
22 the expenses of administering the clean water revolving fund established by  
23 section 49-1221 and may provide that the county pay financing and loan  
24 administration fees approved by the water infrastructure finance authority.  
25 These costs may be included in the levy or assessment amounts pledged to  
26 repay the financial assistance. Counties are bound by and shall fully  
27 perform the loan repayment agreements, and the agreements are incontestable  
28 after the loan is funded by the water infrastructure finance authority of  
29 Arizona. The county shall also agree to pay the authority's costs in issuing  
30 bonds or otherwise borrowing to fund a loan.

31 F. A financial assistance loan repayment agreement under this section  
32 does not create a debt of the county, and the authority shall not require  
33 that payment of a financial assistance loan agreement be made from other than  
34 those sources permitted in subsection B of this section.

35 G. A county may employ attorneys, accountants, financial consultants  
36 and such other experts in their field as deemed necessary to perform services  
37 with respect to the financial assistance loan repayment agreement.

38 H. This section is supplemental and alternative to any other law under  
39 which a county may borrow money or issue bonds. This section shall not be  
40 construed as the exclusive authorization to enter into loan agreements with  
41 the authority.

42 I. A county may borrow additional monies or enter into additional  
43 financial assistance loan repayment agreements with the water infrastructure  
44 finance authority in an amount up to the amount approved by the voters  
45 pursuant to subsection C of this section less the amount that the county is

1 already obligated to repay to the water infrastructure finance authority  
2 pursuant to a financial assistance loan repayment agreement.

3 J. For purposes of this section, "nonpoint source project" has the  
4 same meaning as prescribed in section 49-1201.

5 Sec. 9. Section 15-365, Arizona Revised Statutes, is amended to read:

6 15-365. Service programs operated through the office of a  
7 county school superintendent; reports; definitions

8 A. The county school superintendent may establish service programs  
9 which shall be available to any local school district governing board  
10 officially requesting such programs.

11 B. Both central administrative costs and general service costs shall  
12 be shared on a user basis and budgeted and paid as contract costs by the  
13 districts using such programs, except as provided in subsections E, F and H  
14 of this section.

15 C. Agreements or contracts entered into pursuant to this section shall  
16 not be subject to ~~the provisions of~~ title 11, chapter 7, article 3 relating  
17 to intergovernmental agreements and contracts.

18 D. Each county school superintendent shall submit to the school  
19 districts involved and to the board of supervisors no later than May 31 of  
20 each year a program progress report and a fiscal report including actual  
21 expenditures through March 31 and estimates for the remainder of the fiscal  
22 year on each service program in operation in such county.

23 E. County school superintendents may establish special small district  
24 service programs designed to meet the special needs of school districts with  
25 a total student count of fewer than six hundred in such areas as  
26 administrative assistance and specialized services as follows:

27 1. For counties with seven or more school districts with a student  
28 count of fewer than six hundred, the small district service program may serve  
29 a single county or two or more counties.

30 2. Except as provided in subsection I of this section, for counties  
31 with fewer than seven school districts with a student count of fewer than six  
32 hundred, the small district service program shall serve two or more counties  
33 as determined by the superintendent of public instruction.

34 F. The costs of the small district service program are payable in part  
35 from the small district service program fund. Costs in excess of the amount  
36 available in the small district service program fund shall be shared on a  
37 user basis and budgeted and paid as contract costs by the district using such  
38 programs. The small district service program fund for each program shall  
39 consist of a base amount plus a per district amount for each school district  
40 in the county or counties served which has a student count of fewer than six  
41 hundred. For fiscal year 1989-1990, the base amount is fifty-six thousand  
42 four hundred ninety-four dollars and the per district amount is five thousand  
43 eighty-four dollars. Beginning with fiscal year 1990-1991, the base amount  
44 and per district amount are the amounts for the prior year adjusted by the  
45 growth rate prescribed by law, subject to appropriation. THE BASE AMOUNT AND

1 PER DISTRICT AMOUNT FOR EACH COUNTY OR COUNTIES SERVED SHALL BE FUNDED WITH  
2 STATE GENERAL FUND MONIES, SUBJECT TO APPROPRIATION. THE COUNTY SCHOOL  
3 SUPERINTENDENT MUST SUBMIT CLAIMS FOR PAYMENTS TO THE STATE SUPERINTENDENT OF  
4 PUBLIC INSTRUCTION. The county ~~treasurer shall pay the appropriate amount~~  
5 SCHOOL SUPERINTENDENT SHALL DEPOSIT THE PAYMENTS into the small district  
6 service program fund. ~~from monies collected from the tax levy for county~~  
7 ~~equalization assistance for education as provided in section 15-994 before~~  
8 ~~the monies are used to provide equalization assistance for education as~~  
9 ~~provided in section 15-971, subsection C, except that for small district~~  
10 ~~service programs which serve two or more counties payment into the fund shall~~  
11 ~~be as provided in subsection H of this section.~~

12 G. School districts which provide only financing for pupils who are  
13 instructed by another district shall be included in determining the number of  
14 districts counted for the small district service program fund.

15 H. For each small district service program which serves two or more  
16 counties, a county of jurisdiction shall be selected by the superintendent of  
17 public instruction. Payment shall be made into the small district service  
18 program fund in the county of jurisdiction from MONIES THAT ARE RECEIVED FROM  
19 THE SUPERINTENDENT OF PUBLIC INSTRUCTION PURSUANT TO THIS SECTION FOR ALL  
20 COUNTIES SERVED BY THE COUNTY OF JURISDICTION. ~~monies collected from the tax~~  
21 ~~levy for county equalization assistance for education as provided in section~~  
22 ~~15-994 before the monies are used to provide equalization assistance as~~  
23 ~~provided in section 15-994 by each county participating in the small district~~  
24 ~~service program as follows:~~

25 1. ~~The county treasurer of each county which is not the county of~~  
26 ~~jurisdiction shall pay to the county of jurisdiction an amount determined as~~  
27 ~~follows:~~

28 (a) ~~Determine the total amount of the small district service program~~  
29 ~~fund as provided in subsection F of this section.~~

30 (b) ~~Determine the total number of school districts with a student~~  
31 ~~count of fewer than six hundred in all counties served by the small district~~  
32 ~~service program.~~

33 (c) ~~Divide the amount determined in subdivision (a) of this paragraph~~  
34 ~~by the amount determined in subdivision (b) of this paragraph.~~

35 (d) ~~Multiply the number of school districts with a student count of~~  
36 ~~fewer than six hundred in each county by the amount determined in subdivision~~  
37 ~~(c) of this paragraph.~~

38 (e) ~~The product determined in subdivision (d) of this paragraph is the~~  
39 ~~amount which shall be paid to the county of jurisdiction.~~

40 2. ~~The county treasurer of the county of jurisdiction shall deposit~~  
41 ~~the monies received from the other counties as provided in paragraph 1 of~~  
42 ~~this subsection into the small district service program fund and shall also~~  
43 ~~pay into the fund an amount equal to the quotient obtained in paragraph 1,~~  
44 ~~subdivision (c) of this subsection multiplied by the number of school~~

~~districts with a student count of fewer than six hundred in the county of jurisdiction.~~

I. If a small district service program is established before fiscal year 1987-1988, the program may continue to operate as a single county program if the county contains fewer than seven, but at least four, school districts with a student count of fewer than six hundred.

J. A school district with a student count of six hundred or more in the current year which participated in a small district service program and which had a student count of fewer than six hundred in the prior year may continue to participate in the program for the current year and one additional year. The amount in the small district service program fund shall be determined as if the district had a student count of fewer than six hundred.

K. In this section, unless the context otherwise requires:

1. "Central administrative costs" means only those costs which are incurred by the county school superintendent in administering any service program which benefits all the school districts in the program and which are shared on a user basis and budgeted and paid as contract costs by districts, except as provided in subsections E, F and H of this section.

2. "General service costs" means those costs which are directly related to each of the service programs, which are shared on a user basis and which are budgeted and paid as contract costs by districts, except as provided in subsections E, F and H of this section.

3. "Service programs" means those programs which can be accomplished more efficiently and economically as multidistrict or multicounty operations.

4. "Student count" means the student count as defined in section 15-901, subsection A, except that it shall not include pupils enrolled in grades nine through twelve to whom the district does not provide instruction if the district is a common school district which is not within a high school district.

Sec. 10. Section 15-403, Arizona Revised Statutes, is amended to read:

15-403. Elections; notice; bond election procedure; qualifications of voters; closing of registrations; election precincts; polling places

A. The county school superintendent shall cause notices of a special election except a bond election to be posted at least ninety days previous to the date of the election. The notices shall be posted in at least three public places in the school district. One notice shall be posted at the school if there is one. Bond election notices and procedures shall comply with the requirements of title 35, chapter 3, article 3.

B. The notices shall specify the day and the polling places of the ~~special~~ election and the time the polls will be open. A special election ~~OR A BOND ELECTION~~ may be held only on a date prescribed by section 16-204.

C. If the county school superintendent fails to give notice as provided in subsections A and B of this section, any two qualified electors

1 who reside within the district may give similar notice of the ~~special~~  
2 election at least seventy-five days prior to the ~~special~~ election.

3 D. A person is not entitled to vote at a special election or an  
4 election held at a time and place other than a general election in a school  
5 district who has not been a qualified elector in a precinct in the boundaries  
6 of the school district for twenty-nine days preceding the election, who is  
7 not qualified to register to vote as provided in section 16-101 and who has  
8 not registered to vote prior to midnight of the twenty-ninth day preceding  
9 the date of the election.

10 E. The governing board of a school district shall establish school  
11 district election precincts that have the same boundaries as the county  
12 election precincts as provided in section 16-411 and designate one polling  
13 place within each precinct, except that the governing board of a union high  
14 school district may divide a county election precinct along the boundaries of  
15 common school districts within the boundaries of the union high school  
16 district and establish polling places within each common school district. In  
17 those cases where a school district boundary bisects a county election  
18 precinct, that portion of the election precinct that is within the school  
19 district shall be the school district election precinct. The governing board  
20 may consolidate school district election precincts if it deems it necessary  
21 for each ~~special~~ election and designate one polling place for the election  
22 precincts ~~which~~ THAT it consolidates. If school district election precincts  
23 are consolidated, a school district precinct register shall be prepared for  
24 the consolidated precinct. Upon a specific finding of the board, included in  
25 the order or resolution designating polling places pursuant to this  
26 subsection, that no suitable polling place is available within a precinct of  
27 the school district, a polling place for such precinct may be designated  
28 within an adjacent precinct. The adjacent precinct need not be within the  
29 school district. Any such polling places shall be listed in a separate  
30 section of the order or resolution.

31 F. All ~~special~~ elections ~~which~~ THAT are called either by the county  
32 school superintendent or the governing board of a school district and ~~which~~  
33 THAT are held at a time other than the general election shall be conducted by  
34 the use of school district precinct registers.

35 Sec. 11. Section 15-450, Arizona Revised Statutes, is amended to read:

36 15-450. Formation of a new joint unified school district;  
37 petition; report; election; notice; ballots; canvass  
38 of votes; appointment of governing board

39 A. Notwithstanding any other statute, a new joint unified school  
40 district may be formed if the formation is approved by the state board of  
41 education and if the following requirements are met:

42 1. The boundaries of the proposed new joint unified school district  
43 include an incorporated city that is divided by two counties.

44 2. The proposed new joint unified school district includes territory  
45 within the boundaries of two or more existing school districts.

1           3. The proposed new joint unified school district would have a student  
2 count of not less than six hundred.

3           4. A high school is not located within the boundaries of the proposed  
4 new joint unified school district.

5           5. The assessed valuation of the proposed school district is at least  
6 two million dollars.

7           6. The governing boards of the districts affected have been given  
8 notice of the proposed change and an opportunity to be heard pursuant to  
9 section 15-442, subsection B.

10          B. If it is desired that a new joint unified school district be formed  
11 pursuant to the provisions of this section, ten per cent or more of the  
12 qualified electors residing within the boundaries of the proposed joint  
13 unified school district shall file petitions with the county school  
14 superintendents of the counties in which the territory of the proposed  
15 district is situated. The petitions shall describe the territory to be  
16 included in the proposed joint unified school district and shall request that  
17 the formation of the proposed district be submitted to the qualified electors  
18 who reside within the proposed district.

19          C. Each county school superintendent with whom petitions for the  
20 formation of a joint unified school district are filed shall examine the  
21 petitions within fifteen days of the date of receipt to determine their  
22 sufficiency, including the adequacy of the signatures from the portion of the  
23 proposed district within his county. If the petitions are found sufficient,  
24 the county school superintendent shall transmit the petitions to the state  
25 board of education.

26          D. The state board of education shall promptly schedule a review of  
27 the issue of the formation of the proposed joint unified school district  
28 after receiving the petitions from the county school superintendents pursuant  
29 to subsection C of this section. The board shall approve or reject the  
30 formation of the proposed joint unified school district within sixty days of  
31 the date of receipt of the petitions. The board shall consider:

32           1. Operational costs of the existing and proposed districts.

33           2. Travel times and distances.

34           3. Climatic conditions.

35           4. Local terrain.

36           5. The number of pupils.

37           6. The fairness and appropriateness of any redistribution of taxable  
38 wealth from an existing school district to a proposed joint unified school  
39 district.

40           7. Whether the assessed valuation of the proposed joint unified school  
41 district is sufficient to support the district in a manner comparable to  
42 other districts of similar size.

43 If the state board after considering all such factors determines that the  
44 proposed new district will not cause an undue adverse effect on the  
45 operations of any existing school district, jeopardize the operation of the



1 proposed joint common school district or cause a disproportionate amount of  
2 taxable wealth to be redistributed, it shall approve the petitions and return  
3 them to the respective county school superintendents.

4 E. On approval from the state board of education, the county school  
5 superintendent of each county whose territory or a portion of whose territory  
6 will be included in the proposed joint unified school district shall submit  
7 the question of the formation of the proposed joint unified school district  
8 to the voters at a general election or at a special election to be held for  
9 that purpose. If no general election is scheduled to be held within sixty  
10 days after the date the county school superintendent receives the approved  
11 petitions from the state board of education, he shall promptly call a special  
12 election to be held within sixty days after receipt of the approved  
13 petitions. Notice of the election shall be given by the county school  
14 superintendent to the boards of supervisors. At least ten days before the  
15 election, the county school superintendent shall cause notice of the proposed  
16 election to be posted in not less than three public places in the proposed  
17 district and to be published at least once in a newspaper of general  
18 circulation in the proposed district. The notice shall state the following:

19 1. The question to be voted on and the boundaries of the proposed  
20 joint unified school district with sufficient definiteness to make them  
21 readily ascertainable.

22 2. A description of voter qualifications, including requirements that  
23 the voters shall be residents of the proposed district.

24 3. The location of voting places within the proposed district, at  
25 least one of which shall be in each county.

26 F. Within ten days after the election, the county school  
27 superintendent and the chairman of the board of supervisors of each county  
28 shall canvass the vote. If a majority of the votes cast in each county of  
29 persons who reside within the proposed district favors formation of the  
30 proposed joint unified school district, the boards of supervisors shall  
31 jointly declare the election and the joint unified school district shall  
32 become operative from and after June 30 next following the election.

33 G. If the joint unified school district includes territory located in  
34 two or more counties, the county of jurisdiction is the county in which the  
35 largest number of qualified electors of the joint unified school district  
36 resides, except that if all of the existing school buildings are located in  
37 one county, that county is the county of jurisdiction. The county school  
38 superintendent of the jurisdictional county shall perform all duties for and  
39 with respect to the joint unified school district required to be performed by  
40 county school superintendents. The board of supervisors of the  
41 jurisdictional county shall perform all duties for and with respect to the  
42 joint unified school district required to be performed by boards of  
43 supervisors, except that school district taxes to be levied on property in  
44 the portion of the joint unified school district lying in another county



1 shall be levied by the board of supervisors of the other county or counties  
2 and on receipt shall be transferred to the county of jurisdiction.

3 H. If a new joint unified school district is authorized, the governing  
4 boards of the existing school districts shall prepare a projected list of  
5 assets for the existing districts prior to the end of the fiscal year in  
6 which the election is held. The governing boards of the original school  
7 districts and the new joint unified school district shall prepare a final  
8 statement of assets for the formerly existing school districts as of the end  
9 of the fiscal year in which the election was held and shall have the  
10 statement of cash and bonded indebtedness certified by the county treasurers  
11 by August 30 of the year in which the new school district becomes  
12 operative. The governing boards of the original school districts and the new  
13 joint unified school district shall set aside sufficient assets or provide  
14 other means to satisfy the liabilities of the former existing districts  
15 except for bonded indebtedness and approve the final division of all assets  
16 by September 15 of the year in which the new school district becomes  
17 operative. If one or more of the governing boards fail to provide for  
18 satisfying the liabilities and fail to approve the division of assets by  
19 September 15, the county attorney or attorneys shall determine the means to  
20 satisfy the liabilities and final division of assets by October 1 of the  
21 fiscal year in which the new school district becomes operative.

22 I. The division of bonded indebtedness of the original school  
23 districts shall be in accordance with the provisions of section 15-457,  
24 subsection B. In addition, any debt due to lease-purchase agreements shall  
25 be handled in a similar manner as outlined for bonded indebtedness in section  
26 15-457, subsection B.

27 J. Sections 15-457, 15-975 and 15-997 apply to joint unified school  
28 districts formed under this section.

29 K. A joint unified school district shall not be formed if any of the  
30 resulting school districts would have a student count for the current year of  
31 less than six hundred.

32 L. The governing board of the joint unified school district shall  
33 prepare policies, curricula and budgets for the new school district. These  
34 policies shall require that:

35 1. The base salary of each teacher for the first year of operation of  
36 the new school district shall not be lower than the teacher's base salary for  
37 the prior year in the previously existing school district.

38 2. The teacher's years of employment in the previously existing school  
39 district shall be included in determining the teacher's years of employment  
40 in the new joint unified school district.

41 M. If a new joint unified school district is authorized, the governing  
42 board of a district ~~which~~ THAT will have its boundaries reduced by creation  
43 of the new joint unified district may hold an override election for the year  
44 beginning July 1 after the election that authorized the formation of the new  
45 joint unified district. The governing board of a school district ~~which~~ THAT

1 will have its boundaries reduced by creation of the new joint unified  
2 district may hold a bond election for bonds applicable to and paid solely by  
3 the school district as it will exist after the formation of the new joint  
4 unified school district. **VERRIDE ELECTIONS AND BOND ELECTIONS UNDER THIS**  
5 **SUBSECTION SHALL BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN**  
6 **NOVEMBER AS PRESCRIBED BY SECTION 16-204.** The electors who reside in an area  
7 ~~which~~ **THAT** property will not be subject to taxation for operation or payment  
8 of the bonds of the school district calling the override or bond election  
9 after creation of the new joint unified school district are not eligible to  
10 vote in such an override or bond election.

11 Sec. 12. Section 15-481, Arizona Revised Statutes, as amended by Laws  
12 2006, chapter 217, section 4, is amended to read:

13 **15-481. Override election; budget increases; notice; ballot;**  
14 **effect**

15 A. If ~~the~~ **A** proposed budget of a school district exceeds the aggregate  
16 budget limit for the budget year, **AT LEAST NINETY DAYS BEFORE THE PROPOSED**  
17 **ELECTION** the governing board shall order an override election to be held ~~not~~  
18 ~~less than ninety days from the date of the order~~ **ON THE FIRST TUESDAY**  
19 **FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204,**  
20 **SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d)** for the purpose of presenting the  
21 proposed budget to the qualified electors of the school district who shall by  
22 a majority of those voting either affirm or reject the budget. In addition,  
23 the governing board shall prepare an alternate budget which does not include  
24 an increase in the budget of more than the amount permitted as provided in  
25 section 15-905. If the qualified electors approve the proposed budget, the  
26 governing board of the school district shall follow the procedures prescribed  
27 in section 15-905 for adopting a budget that includes the authorized  
28 increase. If the qualified electors disapprove the proposed budget, the  
29 governing board shall follow the procedures prescribed in section 15-905 for  
30 adopting a budget that does not include the proposed increase or the portion  
31 of the proposed increase that exceeds the amount authorized by a previously  
32 approved budget increase as prescribed in subsection P of this section.

33 B. The county school superintendent shall prepare an informational  
34 report on the proposed increase in the budget and a sample ballot and, at  
35 least thirty-five days prior to the election, shall transmit the report and  
36 the ballot to the governing board of the school district. The governing  
37 board, upon receipt of the report and the ballot, shall mail or distribute  
38 the report and the ballot to the households, in which qualified electors  
39 reside, within the school district at least thirty days prior to the  
40 election. Any distribution of material concerning the proposed increase in  
41 the budget shall not be conducted by children enrolled in the school  
42 district. The report shall contain the following information:

- 43 1. The date of the election.
- 44 2. The polling places and times they are open.

1           3. The proposed total increase in the budget which exceeds the amount  
2 permitted pursuant to section 15-905.

3           4. The total amount of the current year's budget, the total amount of  
4 the proposed budget and the total amount of the alternate budget.

5           5. If the override is for a period of more than one year, a statement  
6 indicating the number of years the proposed increase in the budget would be  
7 in effect and the percentage of the school district's revenue control limit  
8 that the district is requesting for the future years.

9           6. The proposed total amount of revenues which will fund the increase  
10 in the budget and the amount which will be obtained from a levy of taxes upon  
11 the taxable property within the school district for the first year for which  
12 the budget increase was adopted.

13           7. The proposed amount of revenues which will fund the increase in the  
14 budget and which will be obtained from other than a levy of taxes upon the  
15 taxable property within the school district for the first year for which the  
16 budget increase was adopted.

17           8. The dollar amount and the purpose for which the proposed increase  
18 in the budget is to be expended for the first year for which the budget  
19 increase was adopted.

20           9. At least two arguments, if submitted, but no more than ten  
21 arguments for and two arguments, if submitted, but no more than ten arguments  
22 against the proposed increase in the budget. The arguments shall be in a  
23 form prescribed by the county school superintendent and each argument shall  
24 not exceed two hundred words. Arguments for the proposed increase in the  
25 budget shall be provided in writing and signed by the governing board. If  
26 submitted, additional arguments in favor of the proposed increase in the  
27 budget shall be provided in writing and signed by those in favor. Arguments  
28 against the proposed increase in the budget shall be provided in writing and  
29 signed by those in opposition. The names of those persons other than the  
30 governing board or superintendent submitting written arguments shall not be  
31 included in the report without their specific permission, but shall be made  
32 available only upon request to the county school superintendent. The county  
33 school superintendent shall review all factual statements contained in the  
34 written arguments and correct any inaccurate statements of fact. The  
35 superintendent shall not review and correct any portion of the written  
36 arguments which are identified as statements of the author's opinion. The  
37 county school superintendent shall make the written arguments available to  
38 the public as provided in title 39, chapter 1, article 2. A deadline for  
39 submitting arguments to be included in the informational report shall be set  
40 by the county school superintendent.

41           10. A statement that the alternate budget shall be adopted by the  
42 governing board if the proposed budget is not adopted by the qualified  
43 electors of the school district.

11. The full cash value, the assessed valuation, **THE FIRST YEAR TAX RATE FOR THE PROPOSED OVERRIDE** and the estimated amount of the secondary property taxes if the proposed budget is adopted for each of the following:

(a) An owner-occupied residence whose assessed valuation is the average assessed valuation of property classified as class three, as prescribed by section 42-12003 for the current year in the school district.

(b) An owner-occupied residence whose assessed valuation is one-half of the assessed valuation of the residence in subdivision (a) of this paragraph.

(c) An owner-occupied residence whose assessed valuation is twice the assessed valuation of the residence in subdivision (a) of this paragraph.

(d) A business whose assessed valuation is the average of the assessed valuation of property classified as class one, as prescribed by section 42-12001, paragraphs 12 and 13 for the current year in the school district.

12. If the election is conducted pursuant to subsection L or M of this section, the following information:

(a) An executive summary of the school district's most recent capital improvement plan submitted to the school facilities board.

(b) A complete list of each proposed capital improvement that will be funded with the budget increase and a description of the proposed cost of each improvement, including a separate aggregation of capital improvements for administrative purposes as defined by the school facilities board.

(c) The tax rate associated with each of the proposed capital improvements and the estimated cost of each capital improvement for the owner of a single family home that is valued at eighty thousand dollars.

C. For the purpose of this section, the school district may use its staff, equipment, materials, buildings or other resources only to distribute the informational report at the school district office or at public hearings and to produce such information as required in subsection B of this section, provided that nothing in this subsection shall preclude school districts from holding or participating in any public hearings at which testimony is given by at least one person for the proposed increase and one person against the proposed increase. **ANY WRITTEN INFORMATION PROVIDED BY THE DISTRICT PERTAINING TO THE OVERRIDE ELECTION SHALL INCLUDE FINANCIAL INFORMATION SHOWING THE ESTIMATED FIRST YEAR TAX RATE FOR THE PROPOSED BUDGET OVERRIDE AMOUNT.**

D. **IF ANY AMOUNT OF THE PROPOSED INCREASE WILL BE FUNDED BY A LEVY OF TAXES IN THE DISTRICT, THE ELECTION PRESCRIBED IN SUBSECTION A OF THIS SECTION SHALL BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d). IF THE PROPOSED INCREASE WILL BE FULLY FUNDED BY REVENUES FROM OTHER THAN A LEVY OF TAXES** the elections prescribed in subsection A of this section shall be held on ~~a~~ **ANY** date prescribed by section 16-204. ~~and~~ **THE ELECTIONS** shall be conducted as nearly as practicable in the manner

1 prescribed in article 1 of this chapter, sections 15-422 through 15-424 and  
2 section 15-426, relating to special elections, except that:

3 1. The notices required pursuant to section 15-403 shall be posted not  
4 less than twenty-five days before the election.

5 2. Ballots shall be counted pursuant to title 16, chapter 4,  
6 article 10.

7 E. If the election is to exceed the revenue control limit and if the  
8 proposed increase will be fully funded by a levy of taxes upon the taxable  
9 property within the school district, the ballot shall contain the words  
10 "budget increase, yes" and "budget increase, no", and the voter shall signify  
11 his desired choice. The ballot shall also contain the amount of the proposed  
12 increase of the proposed budget over the alternate budget, a statement that  
13 the amount of the proposed increase will be based on a percentage of the  
14 school district's revenue control limit in future years, if applicable, as  
15 provided in subsection P of this section and the following statement:

16 Any budget increase authorized by this election shall be  
17 entirely funded by a levy of taxes upon the taxable property  
18 within this school district for the year for which adopted and  
19 for \_\_\_\_ subsequent years, shall not be realized from monies  
20 furnished by the state and shall not be subject to the  
21 limitation on taxes specified in article IX, section 18,  
22 Constitution of Arizona. Based on an estimate of assessed  
23 valuation used for secondary property tax purposes, ~~TO FUND~~ the  
24 proposed increase in the school district's budget ~~over that~~  
25 ~~allowed by law~~ would ~~result in~~ ~~REQUIRE~~ an estimated ~~increase in~~  
26 ~~the school district's~~ tax rate of \_\_\_\_\_ dollar per one  
27 hundred dollars of assessed valuation used for secondary  
28 property tax purposes and is in addition to the school  
29 district's tax rate which will be levied to fund the school  
30 district's revenue control limit allowed by law.

31 F. If the election is to exceed the revenue control limit and if the  
32 proposed increase will be fully funded by revenues from other than a levy of  
33 taxes upon the taxable property within the school district, the ballot shall  
34 contain the words "budget increase, yes" and "budget increase, no", and the  
35 voter shall signify the voter's desired choice. The ballot shall also  
36 contain:

37 1. The amount of the proposed increase of the proposed budget over the  
38 alternate budget.

39 2. A statement that the amount of the proposed increase will be based  
40 on a percentage of the school district's revenue control limit in future  
41 years, if applicable, as provided in subsection P of this section.

42 3. The following statement:

43 Any budget increase authorized by this election shall be  
44 entirely funded by this school district with revenues from other  
45 than a levy of taxes on the taxable property within the school

district for the year for which adopted and for \_\_\_\_\_  
subsequent years and shall not be realized from monies furnished  
by the state.

G. Except as provided in subsection H of this section, the maximum  
budget increase which may be requested and authorized as provided in  
subsection E or F of this section or the combination of subsections E and F  
of this section is ten per cent of the revenue control limit as provided in  
section 15-947, subsection A for the budget year.

H. Special budget override provisions for school districts with a  
student count of less than one hundred fifty-four in kindergarten programs  
and grades one through eight or with a student count of less than one hundred  
seventy-six in grades nine through twelve are as follows:

1. The maximum budget increase that may be requested and authorized as  
provided in subsections E and F of this section is the greater of the amount  
prescribed in subsection G of this section or a limit computed as follows:

(a) For common or unified districts with a student count of less than  
one hundred fifty-four in kindergarten programs and grades one through eight,  
the limit computed as prescribed in item (i) or (ii) of this subdivision,  
whichever is appropriate:

(i)

Student	Small School	Support Level Weight	Phase Down
Count	Student	for Small Isolated	Reduction
<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Factor</u>
_____	- 125	x 1.358 + (0.0005 x	x \$ _____ = \$ _____
		(500 - Student Count))	
	Phase Down	Phase Down	Small Isolated
	<u>Base</u>	<u>Reduction Factor</u>	<u>School District</u>
	\$150,000	- \$ _____	<u>Elementary Limit</u>
			= \$ _____

(ii)

Student	Small School	Support Level Weight	Phase Down
Count	Student	for Small	Reduction
<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Factor</u>
_____	- 125	x 1.278 + (0.0003 x	x \$ _____ = \$ _____
		(500 - Student Count))	
	Phase Down	Phase Down	Small
	<u>Base</u>	<u>Reduction Factor</u>	<u>School District</u>
	\$150,000	- \$ _____	<u>Elementary Limit</u>
			= \$ _____

(b) For unified or union high school districts with a student count of  
less than one hundred seventy-six in grades nine through twelve, the limit  
computed as prescribed in item (i) or (ii) of this subdivision, whichever is  
appropriate:

1 (i)

$$\begin{array}{rcllcl}
 \text{Student} & \text{Small School} & \text{Support Level Weight} & & \text{Phase Down} \\
 \text{Count} & \text{Student} & \text{for Small Isolated} & & \text{Reduction} \\
 & \text{Count Limit} & \text{School Districts} & \text{Base Level} & \text{Factor} \\
 \hline
 & - 100 & \times 1.468 + (0.0005 \times & \times \$ & = \$ \\
 & & (500 - \text{Student Count})) & & \\
 & \text{Phase Down} & \text{Phase Down} & \text{Small Isolated} & \\
 & \text{Base} & \text{Reduction Factor} & \text{District} & \\
 & \$350,000 & - \$ & \text{Secondary Limit} & \\
 & & & = \$ & 
 \end{array}$$

11 (ii)

$$\begin{array}{rcllcl}
 \text{Student} & \text{Small School} & \text{Support Level Weight} & & \text{Phase Down} \\
 \text{Count} & \text{Student} & \text{for Small} & & \text{Reduction} \\
 & \text{Count Limit} & \text{School Districts} & \text{Base Level} & \text{Factor} \\
 \hline
 & - 100 & \times 1.398 + (0.0004 \times & \times \$ & = \$ \\
 & & (500 - \text{Student Count})) & & \\
 & \text{Phase Down} & \text{Phase Down} & \text{Small} & \\
 & \text{Base} & \text{Reduction Factor} & \text{School District} & \\
 & \$350,000 & - \$ & \text{Secondary Limit} & \\
 & & & = \$ & 
 \end{array}$$

21 (c) If both subdivisions (a) and (b) of this paragraph apply to a  
 22 unified school district, its limit for the purposes of this paragraph is the  
 23 combination of its elementary limit and its secondary limit.

24 (d) If only subdivision (a) or (b) of this paragraph applies to a  
 25 unified school district, the district's limit for the purposes of this  
 26 paragraph is the sum of the limit computed as provided in subdivision (a) or  
 27 (b) of this paragraph plus ten per cent of the revenue control limit  
 28 attributable to those grade levels that do not meet the eligibility  
 29 requirements of this subsection. If a school district budgets monies outside  
 30 the revenue control limit pursuant to section 15-949, subsection E, the  
 31 district's limit for the purposes of this paragraph is only the ten per cent  
 32 of the revenue control limit attributable to those grade levels that are not  
 33 included under section 15-949, subsection E. For the purposes of this  
 34 subdivision, the revenue control limit is separated into elementary and  
 35 secondary components based on the weighted student count as provided in  
 36 section 15-971, subsection B, paragraph 2, subdivision (a).

37 2. If a school district utilizes the provisions of this subsection to  
 38 request an override of more than one year, the ballot shall include an  
 39 estimate of the amount of the proposed increase in the future years in place  
 40 of the statement that the amount of the proposed increase will be based on a  
 41 percentage of the school district's revenue control limit in future years, as  
 42 prescribed in subsections E and F of this section.

43 3. Notwithstanding subsection P of this section, the maximum period of  
 44 an override authorized pursuant to this subsection is five years.

1           4. Subsection P, paragraphs 1 and 2 of this section do not apply to  
2 overrides authorized pursuant to this subsection.

3           I. If the election is to exceed the revenue control limit as provided  
4 in section 15-482 and if the proposed increase will be fully funded by a levy  
5 of taxes on the taxable property within the school district, the ballot shall  
6 contain the words "budget increase, yes" and "budget increase, no", and the  
7 voter shall signify the voter's desired choice. The ballot shall also  
8 contain the amount of the proposed increase of the budget over the alternate  
9 budget, a statement that the amount of the proposed increase will be based on  
10 a percentage of the school district's revenue control limit in future years,  
11 if applicable, as provided in subsection Q of this section, and the following  
12 statement:

13                 Any budget increase authorized by this election shall be  
14 entirely funded by a levy of taxes on the taxable property  
15 within this school district for the year for which adopted and  
16 for \_\_\_\_\_ subsequent years, shall not be realized from monies  
17 furnished by the state and shall not be subject to the  
18 limitation on taxes specified in article IX, section 18,  
19 Constitution of Arizona. Based on an estimate of assessed  
20 valuation used for secondary property tax purposes, ~~the portion~~  
21 ~~of~~ TO FUND the proposed increase in the school district's budget  
22 ~~over that allowed by law~~ which will be funded by a levy of taxes  
23 upon the taxable property within this school district would  
24 ~~result in~~ REQUIRE an estimated ~~increase in the school district's~~  
25 tax rate of \_\_\_\_\_ dollar per one hundred dollars of  
26 assessed valuation used for secondary property tax purposes and  
27 is in addition to the school district's tax rate that will be  
28 levied to fund the school district's revenue control limit  
29 allowed by law.

30           J. If the election is to exceed the revenue control limit as provided  
31 in section 15-482 and if the proposed increase will be fully funded by  
32 revenues other than a levy of taxes on the taxable property within the school  
33 district, the ballot shall contain the words "budget increase, yes" and  
34 "budget increase, no", and the voter shall signify the voter's desired  
35 choice. The ballot shall also contain the amount of the proposed increase of  
36 the proposed budget over the alternate budget, a statement that the amount of  
37 the proposed increase will be based on a percentage of the school district's  
38 revenue control limit in future years, if applicable, as provided in  
39 subsection Q of this section and the following statement:

40                 Any budget increase authorized by this election shall be  
41 entirely funded by this school district with revenues from other  
42 than a levy of taxes on the taxable property within the school  
43 district for the year for which adopted and for \_\_\_\_\_ subsequent  
44 years and shall not be realized from monies furnished by the  
45 state.



1 K. The maximum budget increase that may be requested and authorized as  
2 provided in subsection I or J of this section, or a combination of both of  
3 these subsections, is five per cent of the revenue control limit as provided  
4 in section 15-947, subsection A for the budget year. For a unified school  
5 district, a common school district not within a high school district or a  
6 common school district within a high school district that offers instruction  
7 in high school subjects as provided in section 15-447, five per cent of the  
8 revenue control limit means five per cent of the revenue control limit  
9 attributable to the weighted student count in preschool programs for children  
10 with disabilities, kindergarten programs and grades one through eight as  
11 provided in section 15-971, subsection B.

12 L. If the election is to exceed the capital outlay revenue limit and  
13 if the proposed increase will be fully funded by a levy of taxes upon the  
14 taxable property within the school district, the ballot shall contain the  
15 words "budget increase, yes" and "budget increase, no", and the voter shall  
16 signify the voter's desired choice. An election held pursuant to this  
17 subsection shall be held on the first Tuesday after the first Monday of  
18 November. The ballot shall also contain the amount of the proposed increase  
19 of the proposed budget over the alternate budget and the following statement:

20 Any budget increase authorized by this election shall be  
21 entirely funded by a levy of taxes upon the taxable property  
22 within this school district for the year in which adopted and  
23 for \_\_\_\_\_ subsequent years, shall not be realized from monies  
24 furnished by the state and shall not be subject to the  
25 limitation on taxes specified in article IX, section 18,  
26 Constitution of Arizona. Based on an estimate of assessed  
27 valuation used for secondary property tax purposes, **TO FUND** the  
28 proposed increase in the school district's budget ~~over that~~  
29 ~~allowed by law~~ would ~~result in~~ **REQUIRE** an estimated ~~increase in~~  
30 ~~the school district's~~ tax rate of \_\_\_\_\_ dollar per one  
31 hundred dollars of assessed valuation used for secondary  
32 property tax purposes and is in addition to the school  
33 district's tax rate which will be levied to fund the school  
34 district's capital outlay revenue limit allowed by law.

35 M. If the election is to exceed the capital outlay revenue limit and  
36 if the proposed increase will be fully funded by revenues from other than a  
37 levy of taxes upon the taxable property within the school district, the  
38 ballot shall contain the words "budget increase, yes" and "budget increase,  
39 no", and the voter shall signify the voter's desired choice. An election  
40 held pursuant to this subsection shall be held on the first Tuesday after the  
41 first Monday of November. The ballot shall also contain the amount of the  
42 proposed increase of the proposed budget over the alternate budget and the  
43 following statement:

Any budget increase authorized by this election shall be entirely funded by this school district with revenues from other than a levy of taxes on the taxable property within the school district for the year in which adopted and for \_\_\_\_\_ subsequent years and shall not be realized from monies furnished by the state.

N. If the election is to exceed a combination of the revenue control limit as provided in subsection E or F of this section, the revenue control limit as provided in subsection I or J of this section or the capital outlay revenue limit as provided in subsection L or M of this section, the ballot shall be prepared so that the voters may vote on each proposed increase separately and shall contain statements required in the same manner as if each proposed increase were submitted separately.

O. If the election provides for a levy of taxes on the taxable property within the school district, at least thirty days prior to the election, the department of revenue shall provide the school district governing board and the county school superintendent with an estimate of the school district's assessed valuation used for secondary property tax purposes for the ensuing fiscal year. The governing board and the county school superintendent shall use this estimate to translate the amount of the proposed dollar increase in the budget of the school district over that allowed by law into a tax rate figure.

P. If the voters in a school district vote to adopt a budget in excess of the revenue control limit as provided in subsection E or F of this section, any additional increase shall be included in the aggregate budget limit for each of the years authorized. Any additional increase shall be excluded from the determination of equalization assistance. The school district governing board may, however, levy on the assessed valuation used for secondary property tax purposes of the property in the school district the additional increase if adopted under subsection E of this section for the period of one year, two years or five through seven years as authorized. If an additional increase is approved as provided in subsection F of this section, the school district governing board may only use revenues derived from the school district's prior year's maintenance and operation fund ending cash balance to fund the additional increase. If a budget increase was previously authorized and will be in effect for the budget year or budget year and subsequent years, as provided in subsection E or F of this section, the governing board may request a new budget increase as provided in the same subsection under which the prior budget increase was adopted which shall not exceed the maximum amount permitted under subsection G of this section. If the voters in the school district authorize the new budget increase amount, the existing budget increase no longer is in effect. If the voters in the school district do not authorize the budget increase amount, the existing budget increase remains in effect for the time period for which it was authorized. The maximum additional increase authorized as provided in

1 subsection E or F of this section and the additional increase which is  
2 included in the aggregate budget limit is based on a percentage of a school  
3 district's revenue control limit in future years, if the budget increase is  
4 authorized for more than one year. If the additional increase:

5 1. Is for two years, the proposed increase in the second year is equal  
6 to the initial proposed percentage increase.

7 2. Is for five years or more, the proposed increase is equal to the  
8 initial proposed percentage increase in the following years of the proposed  
9 increase, except that in the next to last year it is two-thirds of the  
10 initial proposed percentage increase and it is one-third of the initial  
11 proposed percentage increase in the last year of the proposed increase.

12 Q. If the voters in a school district vote to adopt a budget in excess  
13 of the revenue control limit as provided in subsection I or J of this  
14 section, any additional increase shall be included in the aggregate budget  
15 limit for each of the years authorized. Any additional increase shall be  
16 excluded from the determination of equalization assistance. The school  
17 district governing board, however, may levy on the assessed valuation used  
18 for secondary property tax purposes of the property in the school district  
19 the additional increase if adopted under subsection I of this section for the  
20 period of one year, two years or five through seven years as authorized. If  
21 an additional increase is approved as provided in subsection J of this  
22 section, the increase may only be budgeted and expended if sufficient monies  
23 are available in the maintenance and operation fund of the school district.  
24 If a budget increase was previously authorized and will be in effect for the  
25 budget year or budget year and subsequent years, as provided in subsection I  
26 or J of this section, the governing board may request a new budget increase  
27 as provided in the same subsection under which the prior budget increase was  
28 adopted that does not exceed the maximum amount permitted under subsection K  
29 of this section. If the voters in the school district authorize the new  
30 budget increase amount, the existing budget increase no longer is in effect.  
31 If the voters in the school district do not authorize the budget increase  
32 amount, the existing budget increase remains in effect for the time period  
33 for which it was authorized. The maximum additional increase authorized as  
34 provided in subsection I or J of this section and the additional increase  
35 that is included in the aggregate budget limit is based on a percentage of a  
36 school district's revenue control limit in future years, if the budget  
37 increase is authorized for more than one year. If the additional increase:

38 1. Is for two years, the proposed increase in the second year is equal  
39 to the initial proposed percentage increase.

40 2. Is for five years or more, the proposed increase is equal to the  
41 initial proposed percentage increase in the following years of the proposed  
42 increase, except that in the next to last year it is two-thirds of the  
43 initial proposed percentage increase and it is one-third of the initial  
44 proposed percentage increase in the last year of the proposed increase.

1           R. If the voters in a school district vote to adopt a budget in excess  
2 of the capital outlay revenue limit as provided in subsection L of this  
3 section, any additional increase shall be included in the aggregate budget  
4 limit for each of the years authorized. The additional increase shall be  
5 excluded from the determination of equalization assistance. The school  
6 district governing board may, however, levy on the assessed valuation used  
7 for secondary property tax purposes of the property in the school district  
8 the additional increase for the period authorized but not to exceed ten  
9 years. For overrides approved by a vote of the qualified electors of the  
10 school district at an election held from and after October 31, 1998, the  
11 period of the additional increase prescribed in this subsection shall not  
12 exceed seven years for any capital override election.

13           S. If the voters in a school district vote to adopt a budget in excess  
14 of the capital outlay revenue limit as provided in subsection M of this  
15 section, any additional increase shall be included in the aggregate budget  
16 limit for each of the years authorized. The additional increase shall be  
17 excluded from the determination of equalization assistance. The school  
18 district governing board may only use revenues derived from the school  
19 district's prior year's maintenance and operation fund ending cash balance  
20 and capital outlay fund ending cash balance to fund the additional increase  
21 for the period authorized but not to exceed ten years. For overrides  
22 approved by a vote of the qualified electors of the school district at an  
23 election held from and after October 31, 1998, the period of the additional  
24 increase prescribed in this subsection shall not exceed seven years for any  
25 capital override election.

26           T. In addition to subsections P and S of this section, from the  
27 maintenance and operation fund and capital outlay fund ending cash balances,  
28 the school district governing board shall first use any available revenues to  
29 reduce its primary tax rate to zero and shall use any remaining revenues to  
30 fund the additional increase authorized as provided in subsections F and M of  
31 this section.

32           U. If the voters in a school district disapprove the proposed budget,  
33 the alternate budget which, except for any budget increase authorized by a  
34 prior election, does not include an increase in the budget in excess of the  
35 amount provided in section 15-905 shall be adopted by the governing board as  
36 provided in section 15-905.

37           V. The governing board may request that any override election be  
38 cancelled if any change in chapter 9 of this title changes the amount of the  
39 aggregate budget limit as provided in section 15-905. The request to cancel  
40 the override election shall be made to the county school superintendent at  
41 least ten days prior to the date of the scheduled override election.

42           W. For any election conducted pursuant to subsection L or M of this  
43 section:

44           1. The ballot shall include the following statement in addition to any  
45 other statement required by this section:

1           The capital improvements that are proposed to be funded  
2           through this override election are to exceed the state standards  
3           and are in addition to monies provided by the state.

4           \_\_\_\_\_ school district is proposing to increase its  
5           budget by \$\_\_\_\_\_ to fund capital improvements over and  
6           above those funded by the state. Under the students first  
7           capital funding system, \_\_\_\_\_ school district is entitled to  
8           state monies for building renewal, new construction and  
9           renovation of school buildings in accordance with state law.

10          2. The ballot shall contain the words "budget increase, yes" and  
11          "budget increase, no", and the voter shall signify the voter's desired  
12          choice.

13          3. At least eighty-five days before the election, the school district  
14          shall submit proposed ballot language to the director of the Arizona  
15          legislative council. The director of the Arizona legislative council shall  
16          review the proposed ballot language to determine whether the proposed ballot  
17          language complies with this section. If the director of the Arizona  
18          legislative council determines that the proposed ballot language does not  
19          comply with this section, the director, within ten calendar days of the  
20          receipt of the proposed ballot language, shall notify the school district of  
21          the director's objections and the school district shall resubmit revised  
22          ballot language to the director for approval.

23          X. If the voters approve the budget increase pursuant to subsection L  
24          or M of this section, the school district shall not use the override proceeds  
25          for any purposes other than the proposed capital improvements listed in the  
26          publicity pamphlet, except that up to ten per cent of the override proceeds  
27          may be used for general capital expenses, including cost overruns of proposed  
28          capital improvements.

29          Y. Each school district that currently increases its budget pursuant  
30          to subsection L or M of this section is required to hold a public meeting  
31          each year between September 1 and October 31 at which an update of the  
32          progress of capital improvements financed through the override is discussed  
33          and at which the public is permitted an opportunity to comment. At a  
34          minimum, the update shall include a comparison of the current status and the  
35          original projections on the construction of capital improvements, the costs  
36          of capital improvements and the costs of capital improvements in progress or  
37          completed since the prior meeting and the future capital plans of the school  
38          district. The school district shall include in the public meeting a  
39          discussion of the school district's use of state capital aid and  
40          voter-approved bonding in funding capital improvements, if any.

41          Z. If a budget in excess of the capital outlay revenue limit was  
42          previously adopted by the voters in a school district and will be in effect  
43          for the budget year or budget year and subsequent years, as provided in  
44          subsection L or M of this section, the governing board may request an  
45          additional budget in excess of the capital outlay revenue limit. If the

1 voters in a school district authorize the additional budget in excess of the  
2 capital outlay revenue limit, the existing capital outlay revenue limit  
3 budget increase remains in effect.

4 Sec. 13. Section 15-491, Arizona Revised Statutes, as amended by Laws  
5 2006, chapter 217, section 5, is amended to read:

6 15-491. Elections on school property: exceptions

7 A. The governing board of a school district may, and upon petition of  
8 fifteen per cent of the school electors as shown by the poll list at the last  
9 preceding annual school election shall, call an election for the following  
10 purposes:

11 1. To locate or change the location of school buildings.

12 2. To purchase or sell school sites or buildings or sell school sites  
13 pursuant to section 15-342 or to build school buildings, but the  
14 authorization by vote of the school district shall not necessarily specify  
15 the site to be purchased.

16 3. To decide whether the bonds of the school district shall be issued  
17 and sold for the purpose of raising money for purchasing or leasing school  
18 lots, for building or renovating school buildings, for improving school  
19 grounds, for purchasing pupil transportation vehicles or for liquidating any  
20 indebtedness already incurred for such purposes. Except as provided in  
21 section 15-1021, subsection H, the proceeds of class B bonds or impact aid  
22 revenue bonds shall not be used for soft capital purposes except for pupil  
23 transportation vehicles. A school district shall not issue class B bonds  
24 until the school district has obligated in contract the entire proceeds of  
25 any class A bonds issued by the school district. The total amount of class A  
26 and class B bonds issued by a school district shall not exceed the debt  
27 limitations prescribed in article IX, sections 8 and 8.1, Constitution of  
28 Arizona.

29 4. To lease for five or more years, as lessor or as lessee, school  
30 buildings or grounds. Approval by a majority of the school district electors  
31 voting authorizes the governing board to negotiate for and enter into a  
32 lease. The ballot shall list the school buildings or grounds for which a  
33 lease is sought. If the governing board does not enter into a lease of five  
34 or more years of the school buildings or grounds listed on the ballot within  
35 five years of the date of the election and the board continues to seek such a  
36 lease, the governing board shall call a special election to reauthorize the  
37 board to negotiate for and to enter into a lease of five or more years.

38 B. No petition shall be required for the holding of the first election  
39 to be held in a joint common school district for any of the purposes  
40 specified in subsection A of this section. The notice of election required  
41 by section 15-492 shall be published in each of the counties which comprise  
42 the joint common school district. The certification of election results  
43 required by section 15-493 shall be made to the board of supervisors of the  
44 jurisdictional county.

1 C. When the election is called to determine whether or not bonds of  
2 the school district shall be issued and sold for the purposes enumerated in  
3 the call for the election, the question shall be submitted to the vote of the  
4 qualified electors of the school district as defined in section 15-401 and  
5 subject to the provisions of section 15-402.

6 D. The governing board shall order the election to be held in the  
7 manner prescribed in title 35, chapter 3, article 3. If a petition for an  
8 election has been filed with the governing board as provided in subsection A  
9 of this section, the board shall act upon the petition within sixty days by  
10 ordering the election to be held as provided in this subsection. If a school  
11 district bond election is scheduled for the same date a school district will  
12 hold an override election, the governing body shall deliver a copy of the  
13 notice of election and ballot to the county school superintendent who shall  
14 include the notice of election and ballot with the information report and  
15 ballot prepared for the override election. Mailing of the information  
16 required for both the override and bond elections shall constitute compliance  
17 with the notice provisions of this section.

18 E. The elections to be held pursuant to this section shall only be  
19 held on dates prescribed by section 16-204, except that elections held  
20 pursuant to this section to decide whether class B bonds shall be issued, **OR**  
21 **ANY OTHER OBLIGATION INCURRED THAT WILL REQUIRE THE ASSESSMENT OF SECONDARY**  
22 **PROPERTY TAXES**, shall only be held on the first Tuesday after the first  
23 Monday of November.

24 F. Subsection A, paragraph 2 of this section does not apply to the  
25 sale of school property if the market value of the school property is less  
26 than fifty thousand dollars.

27 G. Bond counsel fees, financial advisory fees, printing costs and  
28 paying agent and registrar fees for bonds issued pursuant to an election  
29 under this section shall be paid from either the amount authorized by the  
30 qualified electors of the school district or current operating funds. Bond  
31 election expenses shall be paid from current operating funds only.

32 H. For any election conducted to decide whether class B bonds will be  
33 issued pursuant to this section:

34 1. Except as provided in paragraph 2 of this subsection, the ballot  
35 shall include the following statement:

36 The capital improvements that are proposed to be funded  
37 through this bond issuance are to exceed the state standards and  
38 are in addition to monies provided by the state.

39 \_\_\_\_\_ school district is proposing to issue class B  
40 general obligation bonds totaling \$\_\_\_\_\_ to fund capital  
41 improvements over and above those funded by the state. Under  
42 the students first capital funding system, \_\_\_\_\_ school  
43 district is entitled to state monies for building renewal, new  
44 construction and renovation of school buildings in accordance  
45 with state law.

1           2. For a school district that is a joint technological education  
2 district, the ballot shall include the following statement:

3                 \_\_\_\_\_, a joint technological education district, is  
4 proposing to issue class B general obligation bonds totaling  
5 \$\_\_\_\_\_ to fund capital improvements at the main campus of  
6 the joint technological education district.

7           3. The ballot shall contain the words "bond approval, yes" and "bond  
8 approval, no", and the voter shall signify the voter's desired choice.

9           4. The ballot shall also contain the phrase "the issuance of these  
10 bonds will result in an annual levy of property taxes sufficient to pay the  
11 debt on the bonds".

12           5. At least eighty-five days before the election, the school district  
13 shall submit proposed ballot language to the director of the Arizona  
14 legislative council. The director of the Arizona legislative council shall  
15 review the proposed ballot language to determine whether the proposed ballot  
16 language complies with this section. If the director of the Arizona  
17 legislative council determines that the proposed ballot language does not  
18 comply with this section, the director, within ten calendar days of the  
19 receipt of the proposed ballot language, shall notify the school district of  
20 the director's objections and the school district shall resubmit revised  
21 ballot language to the director for approval.

22           6. No later than ten days before a class B bond election conducted  
23 pursuant to this section, the school district shall mail a publicity pamphlet  
24 to each household that contains a qualified elector in the school district.  
25 The publicity pamphlet shall contain, at a minimum, the following  
26 information:

27           (a) An executive summary of the school district's most recent capital  
28 plan submitted to the school facilities board.

29           (b) A complete list of each proposed capital improvement that will be  
30 funded with the proceeds of the bonds and a description of the proposed cost  
31 of each improvement, including a separate aggregation of capital improvements  
32 for administrative purposes as defined by the school facilities board.

33           (c) The tax rate associated with each of the proposed capital  
34 improvements and the estimated cost of each capital improvement for the owner  
35 of a single family home that is valued at one hundred thousand dollars.

36           I. For any election conducted to decide whether impact aid revenue  
37 bonds shall be issued pursuant to this section:

38           1. The ballot shall include the following statement:

39                 The capital improvements that are proposed to be funded  
40 through this bond issuance are to exceed the state standards and  
41 are in addition to monies provided by the state.

42                 \_\_\_\_\_ school district is proposing to issue impact  
43 aid revenue bonds totaling \$\_\_\_\_\_ to fund capital  
44 improvements over and above those funded by the state. Under  
45 the students first capital funding system, \_\_\_\_\_ school



1 district is entitled to state monies for building renewal, new  
2 construction and renovation of school buildings in accordance  
3 with state law.

4 2. The ballot shall contain the words "bond approval, yes" and "bond  
5 approval, no", and the voter shall signify the voter's desired choice.

6 3. At least eighty-five days before the election, the school district  
7 shall submit proposed ballot language to the director of the legislative  
8 council. The director of the legislative council shall review the proposed  
9 ballot language to determine whether the proposed ballot language complies  
10 with this section. If the director of the legislative council determines  
11 that the proposed ballot language does not comply with this section, the  
12 director, within ten calendar days of the receipt of the proposed ballot  
13 language, shall notify the school district of the director's objections and  
14 the school district shall resubmit revised ballot language to the director  
15 for approval.

16 4. No later than ten days before an impact aid revenue bond election  
17 conducted pursuant to this section, the school district shall mail a  
18 publicity pamphlet to each household that contains a qualified elector in the  
19 school district. The publicity pamphlet shall contain, at a minimum, the  
20 following information:

21 (a) An executive summary of the school district's most recent capital  
22 plan submitted to the school facilities board.

23 (b) A complete list of each proposed capital improvement that will be  
24 funded with the proceeds of the bonds and a description of the proposed cost  
25 of each improvement, including a separate aggregation of capital improvements  
26 for administrative purposes as defined by the school facilities board.

27 (c) A statement that impact aid revenue bonds will be fully funded by  
28 aid that the school district receives from the federal government and do not  
29 require a levy of taxes in the district.

30 (d) A statement that if the bonds are approved the first priority for  
31 the impact aid will be to pay the debt service for the bonds and that other  
32 uses of the monies are prohibited until the debt service obligation is met.

33 (e) A statement that if the impact aid revenue bonds are approved, the  
34 school district shall not issue or sell class B bonds while the district has  
35 existing indebtedness from impact aid revenue bonds, except for bonds issued  
36 to refund any bonds issued by the board.

37 J. If the voters approve the issuance of school district class B bonds  
38 or impact aid revenue bonds, the school district shall not use the bond  
39 proceeds for any purposes other than the proposed capital improvements listed  
40 in the publicity pamphlet, except that up to ten per cent of the bond  
41 proceeds may be used for general capital expenses, including cost overruns of  
42 proposed capital improvements.

43 K. Each school district that issues bonds under this section is  
44 required to hold a public meeting each year between September 1 and October  
45 31, until the bond proceeds are spent, at which an update of the progress of

1 capital improvements financed through bonding is discussed and at which the  
2 public is permitted an opportunity to comment. At a minimum, the update  
3 shall include a comparison of the current status and the original projections  
4 on the construction of capital improvements, the costs of capital  
5 improvements and the costs of capital improvements in progress or completed  
6 since the prior meeting and the future capital bonding plans of the school  
7 district. The school district shall include in the public meeting a  
8 discussion of the school district's use of state capital aid and  
9 voter-approved capital overrides in funding capital improvements, if any.

10 Sec. 14. Section 15-913, Arizona Revised Statutes, is amended to read:

11 15-913. Education program; juvenile detention centers

12 A. Each county that operates a juvenile detention center shall offer  
13 an education program to serve all school-age children in its juvenile  
14 detention center. The county school superintendent and the presiding  
15 juvenile court judge in each county shall agree on the method of delivery of  
16 the juvenile detention center education program.

17 B. The state board of education shall prescribe standards and  
18 achievement testing requirements for county juvenile detention center  
19 education programs that shall attempt to ensure that the programs are  
20 compatible with public school education goals and requirements. The county  
21 school superintendent shall attempt to coordinate the program with each  
22 pupil's school district of residence to assist the pupil's transition back to  
23 the school district at the appropriate time.

24 C. A county may operate its juvenile detention center education  
25 program through an existing accommodation school.

26 D. If a county chooses not to operate its juvenile detention center  
27 education program through an existing accommodation school, the county school  
28 superintendent may establish a detention center education fund to provide  
29 financial support to the program. The detention center education fund for  
30 each program shall consist of a base amount plus a variable amount. For  
31 fiscal year 1994-1995 the base amount is twenty thousand dollars and the  
32 variable amount shall be determined pursuant to subsection E of this  
33 section. Beginning with fiscal year 1995-1996 the base amount is the amount  
34 for the prior year adjusted by the growth rate prescribed by law, subject to  
35 appropriation. ~~The county treasurer shall deposit the appropriate amount~~

36 ~~THE BASE AMOUNT AND VARIABLE AMOUNT FOR EACH COUNTY OR COUNTIES SERVED SHALL~~  
37 ~~BE FUNDED WITH STATE GENERAL FUND MONIES, SUBJECT TO APPROPRIATION. THE~~  
38 ~~COUNTY SCHOOL SUPERINTENDENT MUST SUBMIT CLAIMS FOR PAYMENTS TO THE STATE~~  
39 ~~SUPERINTENDENT OF PUBLIC INSTRUCTION. THE COUNTY SCHOOL SUPERINTENDENT SHALL~~  
40 ~~DEPOSIT THE PAYMENTS into the detention center education fund. from monies~~  
41 ~~that are collected from the tax levy for county equalization assistance for~~  
42 ~~education pursuant to section 15-994 after the monies are used pursuant to~~  
43 ~~section 15-365, subsection F and before the monies are used to provide~~  
44 ~~equalization assistance for education pursuant to section 15-971, subsection~~  
45 ~~C, except that if a county detention center education program serves more~~

~~than one county, payment into the fund shall be pursuant to subsection F of this section.~~

E. The variable amount shall be determined as follows:

1. Determine the number of days in the prior fiscal year that each child who had been in the detention center for more than forty-eight hours received an instructional program of at least two hundred forty minutes. No school district may count a child as being in attendance in that school district on a day that the child is counted for the purposes of this paragraph.

2. Multiply the number of days determined under paragraph 1 of this subsection by the following amount:

(a) For fiscal year 1994-1995, fifteen dollars.

(b) For fiscal year 1995-1996 and thereafter, the amount for the prior year adjusted by the growth rate prescribed by law, subject to appropriation.

3. For each child with a disability as defined in section 15-761 who had been in the detention center for more than forty-eight hours:

(a) Determine the amount prescribed in section 15-1204, subsection E, paragraph 1 or 2 and add one hundred dollars for capital outlay costs.

(b) Divide the sum determined under subdivision (a) of this paragraph by one hundred seventy-five.

(c) Subtract the amount prescribed in paragraph 2, subdivision (a) or (b) of this subsection from the quotient determined in subdivision (b) of this paragraph.

(d) Determine the number of days in the prior fiscal year that the child received an instructional program of at least two hundred forty minutes.

(e) Multiply the amount determined in subdivision (d) of this paragraph by the difference determined in subdivision (c) of this paragraph.

4. Add the amounts determined in paragraph 3 of this subsection for all children with disabilities.

5. Add the sum determined in paragraph 4 of this subsection to the product determined in paragraph 2 of this subsection. This sum is the variable amount.

F. If a county detention center education program serves more than one county, the county school superintendents and the presiding juvenile court judges of the counties being served shall agree on a county of jurisdiction. The county ~~treasurer shall pay the appropriate amount~~ SCHOOL SUPERINTENDENT SHALL DEPOSIT into the detention center education fund of the county of jurisdiction ~~from monies collected pursuant to subsection D of this section~~ THAT ARE RECEIVED FROM THE SUPERINTENDENT OF PUBLIC INSTRUCTION PURSUANT TO THIS SECTION FOR ALL COUNTIES SERVED BY THE COUNTY OF JURISDICTION. ~~as follows:~~

~~1. The total base amount shall be prorated among the counties based on the total number of days as determined under subsection E, paragraph 1 of this section that children from each county were served.~~

1           ~~2. The variable amount shall be calculated separately for each county.~~

2           ~~3. The county treasurer of each county that is not the county of~~  
3 ~~jurisdiction shall pay its variable amount and its portion of the base amount~~  
4 ~~to the county of jurisdiction.~~

5           ~~4. The county treasurer of the county of jurisdiction shall deposit~~  
6 ~~the monies received from the other counties pursuant to paragraph 3 of this~~  
7 ~~subsection into the detention center education fund and shall pay into the~~  
8 ~~fund its variable amount and its portion of the base amount.~~

9           G. If a county operated a juvenile detention center education program  
10 through an accommodation school in the year before it begins to operate its  
11 juvenile detention center education program as provided in subsection D of  
12 this section, for the first year of operation as provided in subsection D of  
13 this section, the student count of the accommodation school shall be reduced  
14 by the student count attributable to the detention center program. The  
15 provisions of section 15-942 shall not apply to this reduction in student  
16 count.

17           Sec. 15. Section 15-913.01, Arizona Revised Statutes, is amended to  
18 read:

19           15-913.01. Education program; county jails

20           A. Each county that operates a county jail shall offer an education  
21 program to serve all prisoners who are under eighteen years of age and  
22 prisoners with disabilities who are age twenty-one or younger and who are  
23 confined in the county jail. The county school superintendent and the  
24 sheriff in each county shall agree on the method of delivery of the education  
25 program.

26           B. The county school superintendent shall develop policies and  
27 procedures for the transfer of educational records of any prisoner confined  
28 in a county jail who has been transferred from a juvenile detention center or  
29 from any other public agency which has provided educational services to that  
30 prisoner.

31           C. A county may operate its county jail education program through an  
32 accommodation school that provides alternative education services pursuant to  
33 section 15-308, except that each pupil enrolled in the accommodation school  
34 county jail education program shall be funded at an amount equal to  
35 seventy-two per cent of the amount for that pupil if that pupil ~~was~~ WERE  
36 enrolled in another accommodation school program.

37           D. If a county chooses not to operate its county jail education  
38 program through an accommodation school, the county school superintendent may  
39 establish a county jail education fund to provide financial support to the  
40 program. The county jail education fund for each program shall consist of a  
41 base amount plus a variable amount. For fiscal year 1999-2000 the base  
42 amount is fourteen thousand four hundred dollars and the variable amount  
43 shall be determined pursuant to subsection E of this section. ~~The county~~  
44 ~~treasurer shall deposit the appropriate amount~~ THE BASE AMOUNT AND VARIABLE  
45 AMOUNT FOR EACH COUNTY OR COUNTIES SERVED SHALL BE FUNDED WITH STATE GENERAL

1 FUND MONIES, SUBJECT TO APPROPRIATION. THE COUNTY SCHOOL SUPERINTENDENT MUST  
2 SUBMIT CLAIMS FOR PAYMENTS TO THE STATE SUPERINTENDENT OF PUBLIC INSTRUCTION.  
3 THE COUNTY SCHOOL SUPERINTENDENT SHALL DEPOSIT THE PAYMENTS into the county  
4 jail education fund. ~~from monies that are collected from the tax levy for~~  
5 ~~county equalization assistance for education pursuant to section 15-994 after~~  
6 ~~the monies are used pursuant to section 15-365, subsection F and before the~~  
7 ~~monies are used to provide equalization assistance for education pursuant to~~  
8 ~~section 15-971, subsection C, except that if a county jail education program~~  
9 ~~serves more than one county, payment into the fund shall be pursuant to~~  
10 ~~subsection F of this section.~~

11 E. The variable amount shall be determined as follows:

12 1. Determine the number of days in the prior fiscal year that each  
13 pupil who is a prisoner and had been in the county jail for more than  
14 forty-eight hours received an instructional program of at least two hundred  
15 forty minutes. No school district may count a pupil as being in attendance  
16 in that school district on a day that the pupil is counted as a prisoner for  
17 the purposes of this paragraph.

18 2. Multiply the number of days determined under paragraph 1 of this  
19 subsection by the following amount:

20 (a) For fiscal year 1999-2000, ten dollars ~~and~~ eighty cents.

21 (b) For fiscal year 2000-2001 and each year thereafter, the amount for  
22 the prior year adjusted by any growth rate prescribed by law, subject to  
23 legislative appropriation.

24 3. For each pupil who is a child with a disability as defined in  
25 section 15-761, who is a prisoner and who had been in the county jail for  
26 more than forty-eight hours:

27 (a) Determine the amount prescribed in section 15-1204, subsection E,  
28 paragraph 1 or 2, multiply the amount by .72 and add seventy-two dollars for  
29 capital outlay costs.

30 (b) Divide the sum determined under subdivision (a) of this paragraph  
31 by one hundred seventy-five.

32 (c) Subtract the amount prescribed in paragraph 2 of this subsection  
33 from the quotient determined in subdivision (b) of this paragraph.

34 (d) Determine the number of days in the prior fiscal year that the  
35 pupil received an instructional program of at least two hundred forty  
36 minutes.

37 (e) Multiply the amount determined in subdivision (d) of this  
38 paragraph by the difference determined in subdivision (c) of this paragraph.

39 4. Add the amounts determined in paragraph 3 of this subsection for  
40 all pupils with disabilities who are prisoners.

41 5. Add the sum determined in paragraph 4 of this subsection to the  
42 product determined in paragraph 2 of this subsection. This sum is the  
43 variable amount.

44 F. If a county jail education program serves more than one county, the  
45 county school superintendents and the sheriffs of the counties being served

1 shall agree on a county of jurisdiction. The county ~~treasurer shall pay the~~  
2 ~~appropriate amount~~ SCHOOL SUPERINTENDENT SHALL DEPOSIT into the county jail  
3 education fund of the county of jurisdiction ~~from monies collected pursuant~~  
4 ~~to subsection D of this section~~ THAT ARE RECEIVED FROM THE SUPERINTENDENT OF  
5 PUBLIC INSTRUCTION PURSUANT TO THIS SECTION FOR ALL COUNTIES SERVED BY THE  
6 COUNTY OF JURISDICTION. ~~as follows:~~

7 ~~1. The total base amount shall be prorated among the counties based on~~  
8 ~~the total number of days as determined under subsection E, paragraph 1 of~~  
9 ~~this section that pupils who are prisoners from each county were served.~~

10 ~~2. The variable amount shall be calculated separately for each county.~~

11 ~~3. The county treasurer of each county that is not the county of~~  
12 ~~jurisdiction shall pay its variable amount and its portion of the base amount~~  
13 ~~to the county of jurisdiction.~~

14 ~~4. The county treasurer of the county of jurisdiction shall deposit~~  
15 ~~the monies received from the other counties pursuant to paragraph 3 of this~~  
16 ~~subsection into the county jail education fund and shall pay into the fund~~  
17 ~~its variable amount and its portion of the base amount.~~

18 G. If a county operated a county jail education program through an  
19 accommodation school in the year before it begins to operate its county jail  
20 education program as provided in subsection D of this section, for the first  
21 year of operation as provided in subsection D of this section, the student  
22 count of the accommodation school shall be reduced by the average daily  
23 membership attributable to the accommodation school's county jail program in  
24 its last fiscal year of operation. The provisions of section 15-942 shall  
25 not apply to this reduction in student count.

26 Sec. 16. Section 15-971, Arizona Revised Statutes, is amended to read:

27 15-971. Determination of equalization assistance payments from  
28 county and state funds for school districts

29 A. Equalization assistance for education is computed by determining  
30 the total of the following:

31 1. The lesser of a school district's revenue control limit or district  
32 support level as determined in section 15-947 or 15-951.

33 2. The capital outlay revenue limit of a school district as determined  
34 in section 15-951 or 15-961.

35 3. The soft capital allocation of a school district as determined in  
36 section 15-951 or 15-962.

37 B. From the total of the amounts determined in subsection A of this  
38 section subtract:

39 1. The amount that would be produced by levying the applicable  
40 qualifying tax rate determined pursuant to section 41-1276 for a high school  
41 district or a common school district within a high school district which does  
42 not offer instruction in high school subjects as provided in section 15-447.

43 2. The amount that would be produced by levying the applicable  
44 qualifying tax rate determined pursuant to section 41-1276 for a unified  
45 school district, a common school district not within a high school district

1 or a common school district within a high school district which offers  
2 instruction in high school subjects as provided in section 15-447. The  
3 qualifying tax rate shall be applied in the following manner:

4 (a) For the purposes of the amount determined in subsection A,  
5 paragraph 1 of this section:

6 (i) Determine separately the percentage that the weighted student  
7 count in preschool programs for children with disabilities, kindergarten  
8 programs and grades one through eight and the weighted student count in  
9 grades nine through twelve is to the weighted student count determined in  
10 subtotal A as provided in section 15-943, paragraph 2, subdivision (a).

11 (ii) Apply the percentages determined in item (i) ~~of this subdivision~~  
12 to the amount determined in subsection A, paragraph 1 of this section.

13 (b) For the purposes of the amounts determined in subsection A,  
14 paragraphs 2 and 3 of this section determine separately the amount of the  
15 capital outlay revenue limit and the amount of the soft capital allocation  
16 attributable to the student count in preschool programs for children with  
17 disabilities, kindergarten programs and grades one through eight and grades  
18 nine through twelve.

19 (c) From the amounts determined in subdivisions (a) and (b) ~~of this~~  
20 ~~paragraph~~ subtract the levy which would be produced by the current qualifying  
21 tax rate for a high school district or a common school district within a high  
22 school district that does not offer instruction in high school subjects as  
23 provided in section 15-447. If the qualifying tax rate generates a levy  
24 which is in excess of the total determined in subsection A of this section,  
25 the school district shall not be eligible for equalization assistance. In  
26 this subsection "assessed valuation" includes the values used to determine  
27 voluntary contributions collected pursuant to title 9, chapter 4, article 3  
28 and title 48, chapter 1, article 8.

29 3. The amount that would be produced by levying a qualifying tax rate  
30 in a joint vocational and technological education district, which shall be  
31 five cents per one hundred dollars assessed valuation unless the legislature  
32 sets a lower rate by law.

33 4. The amount of government property lease excise tax monies that were  
34 distributed to the district pursuant to section 42-6205 during the preceding  
35 fiscal year.

36 C. County aid for equalization assistance for education shall be  
37 computed as follows:

38 1. Determine the total equalization assistance for all school  
39 districts in the county as provided in subsections A and B of this section.

40 2. Determine the total amount of ~~county aid~~ STATE EQUALIZATION  
41 ASSISTANCE collected for all school districts in the county as provided in  
42 section 15-994.

43 3. Divide the amount determined in paragraph 2 of this subsection by  
44 the amount determined in paragraph 1 of this subsection.

1           4. Multiply the amount determined in subsections A and B of this  
2 section by the quotient determined in paragraph 3 of this subsection for each  
3 school district.

4           5. The amount determined in paragraph 4 of this subsection shall be  
5 the county aid for equalization assistance for education for a school  
6 district.

7           D. State aid for equalization assistance for education for a school  
8 district shall be computed as follows:

9           1. Determine the equalization assistance for education for a school  
10 district as provided in subsections A and B of this section.

11           2. For each county, determine the levy that would be produced by the  
12 STATE EQUALIZATION ASSISTANCE PROPERTY tax rate ~~for equalization assistance~~  
13 ~~for education~~ prescribed in section 15-994, subsection A.

14           ~~3. For each county, determine the total amount to be paid from monies~~  
15 ~~collected from the tax levy for equalization assistance for education into~~  
16 ~~the small district service program fund as prescribed by section 15-365 and~~  
17 ~~into the detention center education fund as prescribed by section 15-913.~~

18           ~~4. Subtract the amount determined in paragraph 3 of this subsection~~  
19 ~~from the amount determined in paragraph 2 of this subsection.~~

20           ~~5.~~ 3. Prorate the amount determined in paragraph ~~4~~ 2 of this  
21 subsection to each school district in the county as prescribed by subsection  
22 C of this section.

23           ~~6.~~ 4. Subtract the amount determined in paragraph ~~5~~ 3 of this  
24 subsection from the amount determined in paragraph 1 of this subsection.

25           E. Equalization assistance for education shall be paid from  
26 appropriations for that purpose to the school districts as provided in  
27 section 15-973.

28           F. A school district shall report expenditures on approved career and  
29 technical education and vocational education programs in the annual financial  
30 report according to uniform guidelines prescribed by the uniform system of  
31 financial records and in order to facilitate compliance with sections 15-255  
32 and 15-904.

33           G. The additional weight for state aid purposes given to special  
34 education as provided in section 15-943 shall be given to school districts  
35 only if special education programs comply with the provisions of chapter 7,  
36 article 4 of this title and the conditions and standards prescribed by the  
37 superintendent of public instruction pursuant to rules of the state board of  
38 education for pupil identification and placement pursuant to sections 15-766  
39 and 15-767.

40           H. In addition to general fund appropriations, all amounts received  
41 pursuant to section 37-521, subsection B, paragraph 3 and section 42-5029,  
42 subsection E, paragraph 5 and from any other source for the purposes of this  
43 section are appropriated for state aid to schools as provided in this  
44 section.



1 I. The total amount of state monies that may be spent in any fiscal  
2 year for state equalization assistance shall not exceed the amount  
3 appropriated or authorized by section 35-173 for that purpose. This section  
4 shall not be construed to impose a duty on an officer, agent or employee of  
5 this state to discharge a responsibility or to create any right in a person  
6 or group if the discharge or right would require an expenditure of state  
7 monies in excess of the expenditure authorized by legislative appropriation  
8 for that specific purpose.

9 Sec. 17. Section 15-994, Arizona Revised Statutes, is amended to read:

10 15-994. State equalization assistance property tax levy

11 A. The board of supervisors of each county shall annually, at the time  
12 of levying other taxes, levy a ~~county~~ STATE equalization assistance ~~for~~  
13 ~~education~~ PROPERTY tax on the property within the county. The tax levy for  
14 ~~county~~ STATE equalization assistance ~~for education~~ shall be at a rate  
15 determined pursuant to section 41-1276. The tax levy provided for in this  
16 section shall not be subject to title 42, chapter 17, articles 2 and  
17 3. Except as provided in section 15-365, the county treasurer shall  
18 apportion all monies collected from the ~~county~~ STATE equalization assistance  
19 ~~for education~~ PROPERTY tax levy to the school districts within the county in  
20 accordance with section 15-971, subsection C at the same time as other tax  
21 levy monies are apportioned as provided in section 42-18001.

22 B. At the same time the county assessor is required to transmit values  
23 to the county school superintendent as provided in section 42-17052, the  
24 assessor of each county shall provide in electronic format to the  
25 superintendent of public instruction the assessed valuation used for  
26 determining the primary property tax rate and the secondary property tax rate  
27 for each school district in the county. On or before January 15 the county  
28 assessor of each county shall provide in electronic format to the  
29 superintendent of public instruction the actual assessed valuation used for  
30 determining the primary property tax rate and the secondary property tax rate  
31 for each school district in the county including any revisions made due to  
32 changes in the valuation of unsecured personal property after the tax rates  
33 were determined.

34 Sec. 18. Section 15-1465, Arizona Revised Statutes, is amended to  
35 read:

36 15-1465. Election; issuance and sale of bonds for capital  
37 outlay; disposition of proceeds; proration of  
38 expenditures by counties

39 A. A district may conduct an election to determine whether or not  
40 bonds shall be issued and sold for the purpose of paying its share of the  
41 expenditures incurred for capital outlay. The election shall be originated  
42 and conducted, the bonds issued, sold and redeemed and a tax levy imposed for  
43 payment of interest on such bonds and redemption of bonds in accordance with  
44 the provisions of title 35, chapter 3, article 3 and the limitations imposed  
45 on school districts by article IX, section 8, Constitution of Arizona,

1 insofar as those provisions are applicable. THE ELECTION SHALL BE HELD ON  
2 THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY  
3 SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d). Bond counsel  
4 fees, financial advisory fees, printing costs and paying agent and registrar  
5 fees shall be paid from either the amount authorized by the qualified  
6 electors of the community college district or current operating funds. Bond  
7 election expenses shall be paid from current operating funds only.

8 B. The proceeds of all bonds sold as provided in subsection A OF THIS  
9 SECTION shall be used only for capital outlay, including the purchase of  
10 land, the purchase, erection, remodeling or completion of buildings and the  
11 purchase of equipment and facilities for educational or auxiliary purposes of  
12 the community college district.

13 C. Where a district contains more than one county, subsections A and B  
14 OF THIS SECTION shall be applicable separately to each of the counties as to  
15 its portion of the expenditures to be paid for capital outlay in setting up  
16 the physical plant of the district even though the proposed plant is to be  
17 established, wholly or partly, in one county of the district.

18 D. The portion of the expenditures for capital outlay to be prorated  
19 by each county of a district shall be determined in the ratio that the  
20 assessed valuation of each county within the district bears to the total  
21 assessed valuation of all counties within the district.

22 E. If a majority of the qualified electors voting at an election held  
23 as provided in this chapter disapproves the issuance of bonds for any  
24 purpose, the governing board of the community college district shall not  
25 authorize the expenditure of funds from any source for such purpose without  
26 subsequent approval of a majority of the qualified electors voting at an  
27 election held as provided in this chapter, except that a subsequent vote of  
28 the district electors shall not be necessary to:

- 29 1. Construct buildings and site improvements on existing campuses.
- 30 2. Repair and remodel existing facilities and to purchase equipment.
- 31 3. Purchase land adjacent to an existing campus.

32 Sec. 19. Section 16-204, Arizona Revised Statutes, as amended by Laws  
33 2006, chapter 44, section 5, is amended to read:

34 16-204. Declaration of statewide concern; consolidated election  
35 dates

36 A. While the legislature recognizes that the method of conducting  
37 elections by political subdivisions, including charter counties and cities,  
38 may be a matter of local concern, the legislature finds and determines that  
39 for the purposes of increasing voter participation and for decreasing the  
40 costs to the taxpayers it is a matter of statewide concern that all elections  
41 in this state be conducted on a limited number of days and, therefore, the  
42 legislature finds and declares that the holding of all elections on certain  
43 specific consolidated days is a matter of statewide concern.

44 B. Notwithstanding any other law or any charter or ordinance of any  
45 county, city or town to the contrary, an election held for or on behalf of a

1 county, city or town, a school district, a community college district or  
2 special districts organized pursuant to title 48, chapters 5, 6, 8, 10, 13  
3 through 16 and 33 may only be held on the following dates:

4 1. Except for regular elections for candidates in a city or town with  
5 a population of one hundred seventy-five thousand or more persons, all  
6 elections, including recall elections and special elections to fill  
7 vacancies, shall be held on:

8 (a) The second Tuesday in March.

9 (b) The third Tuesday in May.

10 (c) The eighth Tuesday before the first Tuesday after the first Monday  
11 in November.

12 (d) The first Tuesday after the first Monday in November.  
13 NOTWITHSTANDING ANY OTHER LAW, AN ELECTION MUST BE HELD ON THIS DATE FOR THE  
14 APPROVAL OF AN OBLIGATION OR OTHER AUTHORIZATION REQUIRING OR AUTHORIZING THE  
15 ASSESSMENT OF SECONDARY PROPERTY TAXES BY A COUNTY, CITY, TOWN, SCHOOL  
16 DISTRICT, COMMUNITY COLLEGE DISTRICT OR SPECIAL TAXING DISTRICT, EXCEPT AS  
17 PROVIDED BY TITLE 48.

18 2. For regular elections that are only for candidates in a city or  
19 town with a population of one hundred seventy-five thousand or more persons  
20 and not including recall elections and special elections to fill vacancies in  
21 those cities or towns, elections shall be held on:

22 (a) The eighth Tuesday before the first Tuesday after the first Monday  
23 in November.

24 (b) The first Tuesday after the first Monday in November.

25 C. For any city or town, including a charter city, that holds its  
26 regularly scheduled candidate elections in even-numbered years pursuant to  
27 subsection B, paragraph 2, ~~including a charter city~~, the term of office for a  
28 member of the city council or for the office of mayor begins on or after the  
29 second Tuesday in January in the year following the election.

30 D. This section does not apply to an election regarding a county or  
31 city charter committee or county or city charter proposal that is conducted  
32 pursuant to article XIII, section 2 or 3 or article XII, section 5,  
33 Constitution of Arizona.

34 Sec. 20. Section 35-452, Arizona Revised Statutes, is amended to read:

35 35-452. Election to authorize indebtedness; costs

36 A. The governing body or board of a political subdivision enumerated  
37 in section 35-451 may, and upon petition signed by fifteen per cent of the  
38 qualified electors shall, order an election by such electors to determine  
39 whether such indebtedness shall be authorized. THE ELECTION SHALL BE HELD ON  
40 THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY  
41 SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).

42 B. If a majority of the qualified electors voting at the election  
43 votes in favor of creating an indebtedness such political subdivision may  
44 become so indebted.

1 C. Bond counsel fees, financial advisory fees, printing costs and  
2 paying agent and registrar fees shall be paid from either the amount  
3 authorized by the qualified electors of the political subdivision or current  
4 operating funds.

5 D. Bond election expenses shall be paid from current operating funds  
6 only.

7 Sec. 21. Section 35-453, Arizona Revised Statutes, is amended to read:

8 35-453. Order for election

9 A. The governing body or board of the political subdivision shall  
10 order the election to be held at the regular voting places within the limits  
11 of such subdivision ~~not less than thirty nor more than one hundred fifty days~~  
12 ~~from the date of the order~~ ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN  
13 NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1,  
14 SUBDIVISION (d).

15 B. If the election is to be held for creating an indebtedness by a  
16 county, the order shall be made by the board of supervisors of the county in  
17 which the election will be held.

18 C. The order shall state the object of the election, and shall be  
19 prima facie evidence that all provisions necessary to give the order validity  
20 or qualify the governing body or board to make such order have been fully  
21 complied with.

22 Sec. 22. Section 35-454, Arizona Revised Statutes, as amended by Laws  
23 2006, chapter 217, section 7, is amended to read:

24 35-454. Informational pamphlet for election; review; election;  
25 return; canvass of vote; certificate of election

26 A. The governing body or board of the political subdivision shall:

27 1. Not less than ten days and not more than fifty days before the bond  
28 election mail a copy of an informational pamphlet to each household within  
29 the political subdivision that contains a registered voter. The pamphlet  
30 shall contain information on the:

31 (a) Amount of the bond authorization.

32 (b) Maximum interest rate of the bonds.

33 (c) Estimated debt retirement schedule for the current amount of bonds  
34 outstanding, showing both principal and interest payments, the current  
35 secondary assessed valuation as reported by the department of revenue or the  
36 county assessor and the current adopted and estimated tax rates. In this  
37 paragraph, "secondary assessed valuation" may include the values used to  
38 determine voluntary contributions collected pursuant to title 9, chapter 4,  
39 article 3 and title 48, chapter 1, article 8.

40 (d) Estimated debt retirement schedule for the proposed bond  
41 authorization, showing both the estimated principal and interest payments and  
42 the estimated average annual tax rate for the proposed bond authorization.  
43 In preparing this information and the information prescribed by subdivision  
44 (c), the projected total annual increase in secondary assessed valuation for  
45 any future year shall not exceed:

(i) For the first five years of the estimated debt retirement schedule, the average of the annual percentage growth for the previous ten years in the secondary assessed valuation of the political subdivision.

(ii) For the remaining years of the estimated debt retirement schedule, twenty per cent of the average of the annual percentage growth for the previous ten years in the secondary assessed valuation of the political subdivision.

(e) Source of repayment.

(f) Estimated issuance costs.

~~(g) Estimated tax impact on the owner-occupied residential property, agricultural property and commercial and industrial property for the current year in the political subdivision. The tax impact shall be shown for property with a full cash value of one hundred thousand dollars and for property with an average assessed valuation for that class, as determined by the governing body or board. The tax impact shall show the projected average annual cost of the proposed bond authorization, including principal and interest, over the life of the proposed bond authorization. The information on estimated tax impact shall be set forth in substantially the following form:~~

~~Estimated average annual tax rate per \$100 of secondary assessed valuation: \$\_\_\_\_\_~~

~~[The following table for each specified class of property]~~

~~\_\_\_\_\_ property  
(assessed at \_\_\_\_\_%)~~

~~Assessor's full Secondary assessed Estimated annual cost  
Cash value Value~~

~~\_\_\_\_\_ (\*) \$\_\_\_\_\_~~

~~\$100,000 \_\_\_\_\_ \$\_\_\_\_\_~~

~~(Other values  
may be included) \_\_\_\_\_ \$\_\_\_\_\_~~

~~(\*) Estimated average value~~

(g) ESTIMATED TAX IMPACT OF DEBT SERVICE FOR THE BONDS ON AN OWNER-OCCUPIED RESIDENCE CLASSIFIED AS CLASS THREE PURSUANT TO SECTION 42-12003 AND ON COMMERCIAL PROPERTY CLASSIFIED AS CLASS ONE PURSUANT TO SECTION 42-12001, PARAGRAPH 12, ASSUMING THE ASSESSED VALUATION OF THE PROPERTY REMAINS CONSTANT OVER THE TERM OF THE BONDS USING THE SAME AVERAGE ANNUAL TAX RATE AS UNDER SUBDIVISION (d), AS FOLLOWS:

THE TAX IMPACT OVER THE TERM OF THE BONDS ON AN OWNER-OCCUPIED RESIDENCE VALUED BY THE COUNTY ASSESSOR AT \$250,000 IS ESTIMATED TO BE \$\_\_\_\_ PER YEAR FOR \_\_\_\_ YEARS, OR \$\_\_\_\_ TOTAL COST.

THE TAX IMPACT OVER THE TERM OF THE BONDS ON COMMERCIAL PROPERTY VALUED BY THE COUNTY ASSESSOR AT \$2,500,000 IS ESTIMATED TO BE \$\_\_\_\_ PER YEAR FOR \_\_\_\_ YEARS, OR \$\_\_\_\_ TOTAL COST.

1 (h) In bold faced type, estimated total cost of the proposed bond  
2 authorization, including principal and interest.

3 (i) Current outstanding general obligation debt and constitutional  
4 debt limitation.

5 (j) Purpose for which the bonds are to be issued.

6 (k) Polling location for the addressee.

7 (l) Hours during the day when the polls will be open.

8 (m) Arguments for and against the authorization of one or more of the  
9 bond propositions.

10 2. Submit a copy of the informational pamphlet to the department of  
11 revenue within thirty days after the bond election. The department of  
12 revenue shall maintain copies of the pamphlets.

13 B. The failure of any one or more electors to receive the  
14 informational pamphlet shall not be grounds to invalidate the election. The  
15 election shall conform with the general election laws of the state. The  
16 return of the election held in a county shall be made to the board of  
17 supervisors and, in any other case, to the governing body or board of the  
18 municipal corporation or district within twelve days after the election.

19 C. For any proposed general obligation bond authorization where the  
20 principal and interest will be paid by a levy of property taxes, the ballot  
21 shall contain the phrase "the issuance of these bonds will result in an  
22 annual levy of property taxes sufficient to pay the debt on the bonds". **ANY**  
23 **WRITTEN INFORMATION PROVIDED BY THE POLITICAL SUBDIVISION PERTAINING TO THE**  
24 **BOND ELECTION SHALL INCLUDE FINANCIAL INFORMATION SHOWING THE ESTIMATED**  
25 **AVERAGE TAX RATE FOR THE PROPOSED BOND AUTHORIZATION.**

26 D. If the governing body intends to use revenues other than property  
27 taxes to pay the debt on proposed general obligation bonds, the ballot shall  
28 contain the phrase "the issuance of these bonds will result in an annual levy  
29 of property taxes sufficient to pay the debt on the bonds, unless the  
30 governing body provides for payment from other sources".

31 E. The board of supervisors, governing body or governing board shall  
32 hold a special meeting within twenty days after the election to canvass the  
33 votes cast and certify the result. The certificate of the result shall be  
34 prima facie evidence of full performance of all conditions and requirements  
35 precedent to holding the election.

36 F. The governing board or body shall file and record in the office of  
37 the county recorder a certificate disclosing the purpose of the election, the  
38 total number of votes cast and the total number of votes for and against  
39 creating the indebtedness, and stating whether or not the indebtedness is  
40 ordered. Upon filing and recording the certificate, the governing board or  
41 body shall carry out the purpose of the election.

42 G. Variations between the estimates required by subsection A and the  
43 actual debt retirement schedules, issuance costs, annual and total costs and  
44 tax rates shall not invalidate either the election or the bonds.

1           Sec. 23. Section 41-1276, Arizona Revised Statutes, is amended to  
2 read:

3           41-1276. Truth in taxation levy for equalization assistance to  
4           school districts

5           A. On or before February 15 of each year, the joint legislative budget  
6 committee shall compute and transmit the truth in taxation rates for  
7 equalization assistance for school districts for the following fiscal year  
8 to:

9           1. The chairmen of the house of representatives ways and means  
10 committee and the senate finance committee or their successor committees.

11           2. The chairmen of the appropriations committees of the senate and the  
12 house of representatives or their successor committees.

13           B. The truth in taxation rates consist of the qualifying tax rate for  
14 a high school district or a common school district within a high school  
15 district that does not offer instruction in high school subjects pursuant to  
16 section 15-971, subsection B, paragraph 1, a qualifying tax rate for a  
17 unified district, a common school district not within a high school district  
18 or a common school district within a high school district that offers  
19 instruction in high school subjects pursuant to section 15-971, subsection B,  
20 paragraph 2 and a ~~county~~ STATE equalization assistance ~~for education~~ PROPERTY  
21 tax rate pursuant to section 15-994 that will offset the change in net  
22 assessed valuation of property that was subject to tax in the prior year.

23           C. The joint legislative budget committee shall compute the truth in  
24 taxation rates as follows:

25           1. Determine the statewide primary net assessed value for the  
26 preceding tax year as provided in section 42-17151, subsection A,  
27 paragraph 3.

28           2. Determine the statewide primary net assessed value for the current  
29 tax year, excluding the net assessed value of property that was not subject  
30 to tax in the preceding year.

31           3. Divide the amount determined in paragraph 1 of this subsection by  
32 the amount determined in paragraph 2 of this subsection.

33           4. Adjust the qualifying tax rates and the ~~county~~ STATE equalization  
34 assistance ~~for education~~ PROPERTY tax rate for the current fiscal year by the  
35 percentage determined in paragraph 3 of this subsection in order to offset  
36 the change in net assessed value.

37           D. Except as provided in subsections E and G of this section, the  
38 qualifying tax rate for a high school district or a common school district  
39 within a high school district that does not offer instruction in high school  
40 subjects, the qualifying tax rate for a unified school district, a common  
41 school district not within a high school district or a common school district  
42 within a high school district that offers instruction in high school subjects  
43 and the ~~county~~ STATE equalization assistance ~~for education~~ PROPERTY tax rate  
44 for the following fiscal year shall be the rate determined by the joint  
45 legislative budget committee pursuant to subsection C of this section. The

1 committee shall transmit the rates to the superintendent of public  
2 instruction and the county boards of supervisors by March 15 each year.

3 E. If the legislature proposes either qualifying tax rates or a ~~county~~  
4 ~~STATE~~ equalization assistance ~~for education~~ ~~PROPERTY~~ tax rate that exceeds  
5 the truth in taxation rate:

6 1. The house of representatives ways and means committee and the  
7 senate finance committee or their successor committees shall hold a joint  
8 hearing on or before February 28 and publish a notice of a truth in taxation  
9 hearing that meets the following requirements:

10 (a) The notice shall be published twice in a newspaper of general  
11 circulation in this state that is published at the state capital. The first  
12 publication shall be at least fourteen but not more than twenty days before  
13 the date of the hearing. The second publication shall be at least seven but  
14 not more than ten days before the date of the hearing.

15 (b) The notice shall be published in a location other than the  
16 classified or legal advertising section of the newspaper.

17 (c) The notice shall be at least one-fourth page in size and shall be  
18 surrounded by a solid black border at least one-eighth inch in width.

19 (d) The notice shall be in the following form, with the "truth in  
20 taxation hearing - notice of tax increase" headline in at least eighteen  
21 point type:

22 Truth in Taxation Hearing

23 Notice of Tax Increase

24 In compliance with section 41-1276, Arizona Revised  
25 Statutes, the state legislature is notifying property taxpayers  
26 in Arizona of the legislature's intention to raise the property  
27 tax levy over last year's level.

28 The proposed tax increase will cause the taxes on a  
29 \$100,000 home to increase by \$\_\_\_\_\_.

30 All interested citizens are invited to attend a public  
31 hearing on the tax increase that is scheduled to be held  
32 \_\_\_\_\_ (date and time) at \_\_\_\_\_ (location).

33 (e) For purposes of computing the tax increase on a one hundred  
34 thousand dollar home as required by the notice, the joint meeting of the  
35 house of representatives ways and means committee and the senate finance  
36 committee or their successor committees shall consider the difference between  
37 the truth in taxation rate and the proposed increased rate.

38 2. The joint meeting of the house of representatives ways and means  
39 committee and the senate finance committee or their successor committees  
40 shall consider any motion to recommend the proposed tax rates to the full  
41 legislature by roll call vote.

42 F. In addition to publishing the truth in taxation notice under  
43 subsection E, paragraph 1 of this section, the joint meeting of the house of  
44 representatives ways and means committee and the senate finance committee or



1 their successor committees shall issue a press release containing the truth  
2 in taxation notice.

3 G. Notwithstanding any other law, the legislature shall not adopt a  
4 state budget that provides for either qualifying tax rates pursuant to  
5 section 15-971 or a ~~county~~ STATE equalization assistance ~~for education~~  
6 PROPERTY tax rate pursuant to section 15-994 that exceeds the truth in  
7 taxation rates computed pursuant to subsection A of this section unless the  
8 rates are adopted by a concurrent resolution approved by an affirmative roll  
9 call vote of two-thirds of the members of each house of the legislature  
10 before the legislature enacts the general appropriations bill. If the  
11 resolution is not approved by two-thirds of the members of each house of the  
12 legislature, the rates for the following fiscal year shall be the truth in  
13 taxation rates determined pursuant to subsection C of this section and shall  
14 be transmitted to the superintendent of public instruction and the county  
15 boards of supervisors.

16 H. Notwithstanding subsection C of this section and if approved by the  
17 qualified electors voting at a statewide general election, the legislature  
18 shall not set a qualifying tax rate that exceeds \$2.1265 for a common or high  
19 school district or \$4.253 for a unified school district. The legislature  
20 shall not set a county equalization assistance for education rate that  
21 exceeds \$0.5123.

22 I. Pursuant to subsection C of this section, the qualifying tax rate  
23 in ~~fiscal~~ TAX year 2006 for a ~~common or~~ high school district OR A COMMON  
24 SCHOOL DISTRICT WITHIN A HIGH SCHOOL DISTRICT THAT DOES NOT OFFER INSTRUCTION  
25 IN HIGH SCHOOL SUBJECTS AS PROVIDED IN SECTION 15-447 is ~~\$1.8090~~ \$1.7394 and  
26 for a unified school district, A COMMON SCHOOL DISTRICT NOT WITHIN A HIGH  
27 SCHOOL DISTRICT OR A COMMON SCHOOL DISTRICT WITHIN A HIGH SCHOOL DISTRICT  
28 THAT OFFERS INSTRUCTION IN HIGH SCHOOL SUBJECTS AS PROVIDED IN SECTION 15-447  
29 is ~~\$3.6180~~ \$3.4788. The ~~county~~ STATE equalization assistance ~~for education~~  
30 PROPERTY TAX rate in ~~fiscal year 2006 is \$0.4358~~ TAX YEARS 2006, 2007 AND  
31 2008 IS ZERO. THE STATE EQUALIZATION ASSISTANCE PROPERTY TAX RATE IN TAX  
32 YEAR 2009 SHALL BE COMPUTED BY ANNUALLY ADJUSTING THE TAX YEAR 2005 RATE OF  
33 \$0.4358 AS PROVIDED BY THIS SECTION THROUGH TAX YEAR 2009.

34 Sec. 24. Section 42-1116, Arizona Revised Statutes, is amended to  
35 read:

36 42-1116. Disposition of tax revenues

37 A. The department shall promptly deposit, pursuant to sections 35-146  
38 and 35-147, all monies it collects from the taxes administered pursuant to  
39 this article except the telecommunication services excise tax, separately  
40 accounting for each type of tax and each tax classification within each type  
41 of tax. At the same time the department of revenue shall also furnish copies  
42 of the transmittal schedules to the director of the department of  
43 administration.

1 B. Except as provided by subsection C of this section, the department  
2 shall deposit all monies and remittances received under this section to the  
3 credit of the following specific funds and accounts:

4 1. Amounts sufficient to meet the requirements for tax refunds to the  
5 tax refund account established in section 42-1117.

6 2. Amounts sufficient to meet the requirements of urban revenue  
7 sharing to the urban revenue sharing fund established in section 43-206.

8 3. Amounts collected pursuant to chapter 5, articles 1, ~~AND 5 and 9~~  
9 of this title and section 42-5352, subsection A, to the transaction privilege  
10 and severance tax clearing account established ~~in~~ BY section 42-5029.

11 4. Through June 30, 2010 amounts sufficient to meet the requirements  
12 of section 42-3104 to the corrections fund.

13 5. Amounts sufficient to meet the requirements of section 49-282,  
14 subsection B relating to the water quality assurance revolving fund.

15 6. All remaining monies to the state general fund.

16 C. From the monies and remittances received under this section, each  
17 month beginning July, 2001 the state treasurer shall transmit to the tourism  
18 and sports authority, established by title 5, chapter 8, for deposit in its  
19 facility revenue clearing account established by section 5-834, the greater  
20 of:

21 1. One-twelfth of the amount reported by the department pursuant to  
22 section 43-209.

23 2. Two hundred ninety-two thousand dollars per month for the first  
24 twelve month period, increased in each subsequent twelve month period by an  
25 additional eight per cent over the prior twelve months' distribution.

26 Sec. 25. Section 42-5001, Arizona Revised Statutes, is amended to  
27 read:

28 42-5001. Definitions

29 In this article and article 2 of this chapter, unless the context  
30 otherwise requires:

31 1. "Business" includes all activities or acts, personal or corporate,  
32 engaged in or caused to be engaged in with the object of gain, benefit or  
33 advantage, either directly or indirectly, but not casual activities or sales.

34 2. "Distribution base" means the portion of the revenues derived from  
35 the tax levied by this article and articles 5, ~~AND 8 and 9~~ of this chapter  
36 designated for distribution to counties, municipalities and other purposes  
37 according to section 42-5029, subsection D.

38 3. "Engaging", when used with reference to engaging or continuing in  
39 business, includes the exercise of corporate or franchise powers.

40 4. "Gross income" means the gross receipts of a taxpayer derived from  
41 trade, business, commerce or sales and the value proceeding or accruing from  
42 the sale of tangible personal property or service, or both, and without any  
43 deduction on account of losses.

44 5. "Gross proceeds of sales" means the value proceeding or accruing  
45 from the sale of tangible personal property without any deduction on account

1 of the cost of property sold, expense of any kind or losses, but cash  
2 discounts allowed and taken on sales are not included as gross income.

3 6. "Gross income" and "gross proceeds of sales" do not include goods,  
4 wares or merchandise, or value thereof, returned by customers if the sale  
5 price is refunded either in cash or by credit, nor the value of merchandise  
6 traded in on the purchase of new merchandise when the trade-in allowance is  
7 deducted from the sales price of the new merchandise before completion of the  
8 sale.

9 7. "Gross receipts" means the total amount of the sale, lease or  
10 rental price, as the case may be, of the retail sales of retailers, including  
11 any services that are a part of the sales, valued in money, whether received  
12 in money or otherwise, including all receipts, cash, credits and property of  
13 every kind or nature, and any amount for which credit is allowed by the  
14 seller to the purchaser without any deduction from the amount on account of  
15 the cost of the property sold, materials used, labor or service performed,  
16 interest paid, losses or any other expense. Gross receipts do not include  
17 cash discounts allowed and taken nor the sale price of property returned by  
18 customers if the full sale price is refunded either in cash or by credit.

19 8. "Person" or "company" includes an individual, firm, partnership,  
20 joint venture, association, corporation, estate or trust, this state, any  
21 county, city, town, district, other than a school district, or other  
22 political subdivision and any other group or combination acting as a unit,  
23 and the plural as well as the singular number.

24 9. "Qualifying community health center":

25 (a) Means an entity that is recognized as nonprofit under section  
26 501(c)(3) of the United States internal revenue code, that is a  
27 community-based, primary care clinic that has a community-based board of  
28 directors and that is either:

29 (i) The sole provider of primary care in the community.

30 (ii) A nonhospital affiliated clinic that is located in a federally  
31 designated medically underserved area in this state.

32 (b) Includes clinics that are being constructed as qualifying  
33 community health centers.

34 10. "Qualifying health care organization" means an entity that is  
35 recognized as nonprofit under section 501(c) of the United States internal  
36 revenue code and that uses, saves or invests at least eighty per cent of all  
37 monies that it receives from all sources each year only for health and  
38 medical related educational and charitable services, as documented by annual  
39 financial audits prepared by an independent certified public accountant,  
40 performed according to generally accepted accounting standards and filed  
41 annually with the department. Monies that are used, saved or invested to  
42 lease, purchase or construct a facility for health and medical related  
43 education and charitable services are included in the eighty per cent  
44 requirement.

1           11. "Qualifying hospital" means any of the following:

2           (a) A licensed hospital which is organized and operated exclusively  
3 for charitable purposes, no part of the net earnings of which inures to the  
4 benefit of any private shareholder or individual.

5           (b) A licensed nursing care institution or a licensed residential care  
6 institution or a residential care facility operated in conjunction with a  
7 licensed nursing care institution or a licensed kidney dialysis center, which  
8 provides medical services, nursing services or health related services and is  
9 not used or held for profit.

10          (c) A hospital, nursing care institution or residential care  
11 institution which is operated by the federal government, this state or a  
12 political subdivision of this state.

13          (d) A facility that is under construction and that on completion will  
14 be a facility under subdivision (a), (b) or (c) of this paragraph.

15          12. "Retailer" includes every person engaged in the business classified  
16 under the retail classification pursuant to section 42-5061 and, when in the  
17 opinion of the department it is necessary for the efficient administration of  
18 this article, includes dealers, distributors, supervisors, employers and  
19 salesmen, representatives, peddlers or canvassers as the agents of the  
20 dealers, distributors, supervisors or employers under whom they operate or  
21 from whom they obtain the tangible personal property sold by them, whether in  
22 making sales on their own behalf or on behalf of the dealers, distributors,  
23 supervisors or employers.

24          13. "Sale" means any transfer of title or possession, or both,  
25 exchange, barter, lease or rental, conditional or otherwise, in any manner or  
26 by any means whatever, including consignment transactions and auctions, of  
27 tangible personal property or other activities taxable under this chapter,  
28 for a consideration, and includes:

29          (a) Any transaction by which the possession of property is transferred  
30 but the seller retains the title as security for the payment of the price.

31          (b) Fabricating tangible personal property for consumers who furnish  
32 either directly or indirectly the materials used in the fabrication work.

33          (c) Furnishing, preparing or serving for a consideration any tangible  
34 personal property consumed on the premises of the person furnishing,  
35 preparing or serving the tangible personal property.

36          14. "Solar daylighting" means a device that is specifically designed to  
37 capture and redirect the visible portion of the solar beam, while controlling  
38 the infrared portion, for use in illuminating interior building spaces in  
39 lieu of artificial lighting.

40          15. "Solar energy device" means a system or series of mechanisms  
41 designed primarily to provide heating, to provide cooling, to produce  
42 electrical power, to produce mechanical power, to provide solar daylighting  
43 or to provide any combination of the foregoing by means of collecting and  
44 transferring solar generated energy into such uses either by active or  
45 passive means, including wind generator systems that produce electricity.

1 Solar energy systems may also have the capability of storing solar energy for  
2 future use. Passive systems shall clearly be designed as a solar energy  
3 device, such as a trombe wall, and not merely as a part of a normal  
4 structure, such as a window.

5 16. "Tangible personal property" means personal property which may be  
6 seen, weighed, measured, felt or touched or is in any other manner  
7 perceptible to the senses.

8 17. "Tax year" or "taxable year" means either the calendar year or the  
9 taxpayer's fiscal year, if permission is obtained from the department to use  
10 a fiscal year as the tax period instead of the calendar year.

11 18. "Taxpayer" means any person who is liable for any tax which is  
12 imposed by this article.

13 19. "Wholesaler" or "jobber" means any person who sells tangible  
14 personal property for resale and not for consumption by the purchaser.

15 Sec. 26. Section 42-5010, Arizona Revised Statutes, is amended to  
16 read:

17 42-5010. Rates; distribution base

18 A. The tax imposed by this article is levied and shall be collected at  
19 the following rates:

20 1. Five per cent of the tax base as computed for the business of every  
21 person engaging or continuing in this state in the following business  
22 classifications described in article 2 of this chapter:

- 23 (a) Transporting classification.
- 24 (b) Utilities classification.
- 25 (c) Telecommunications classification.
- 26 (d) Pipeline classification.
- 27 (e) Private car line classification.
- 28 (f) Publication classification.
- 29 (g) Job printing classification.
- 30 (h) Prime contracting classification.
- 31 (i) Owner builder sales classification.
- 32 (j) Amusement classification.
- 33 (k) Restaurant classification.
- 34 (l) Personal property rental classification.
- 35 (m) Retail classification.

36 ~~(n) Membership camping classification.~~

37 2. Five and one-half per cent of the tax base as computed for the  
38 business of every person engaging or continuing in this state in the  
39 transient lodging classification described in section 42-5070.

40 3. Three and one-eighth per cent of the tax base as computed for the  
41 business of every person engaging or continuing in this state in the mining  
42 classification described in section 42-5072.

43 4. Zero per cent of the tax base as computed for the business of every  
44 person engaging or continuing in this state in the commercial lease  
45 classification described in section 42-5069.

1           B. Twenty per cent of the tax revenues collected at the rate  
2 prescribed by subsection A, paragraph 1 of this section from persons on  
3 account of engaging in business under the business classifications listed in  
4 subsection A, paragraph 1, subdivisions (a) through (i) of this section is  
5 designated as distribution base for purposes of section 42-5029.

6           C. Forty per cent of the tax revenues collected at the rate prescribed  
7 by subsection A, paragraph 1 of this section from persons on account of  
8 engaging in business under the business classifications listed in subsection  
9 A, paragraph 1, subdivisions (j) through ~~(n)~~ (m) of this section is  
10 designated as distribution base for purposes of section 42-5029.

11           D. Thirty-two per cent of the tax revenues collected from persons on  
12 account of engaging in business under the business classification listed in  
13 subsection A, paragraph 3 of this section is designated as distribution base  
14 for purposes of section 42-5029.

15           E. Fifty-three and one-third per cent of the tax revenues collected  
16 from persons on account of engaging in business under the business  
17 classification listed in subsection A, paragraph 4 of this section is  
18 designated as distribution base for purposes of section 42-5029.

19           F. Fifty per cent of the tax revenues collected from persons on  
20 account of engaging in business under the business classification listed in  
21 subsection A, paragraph 2 of this section is designated as distribution base  
22 for purposes of section 42-5029.

23           G. In addition to the rates prescribed by subsection A of this  
24 section, if approved by the qualified electors voting at a statewide general  
25 election, an additional rate increment is imposed and shall be collected  
26 through June 30, 2021. The taxpayer shall pay taxes pursuant to this  
27 subsection at the same time and in the same manner as under subsection A of  
28 this section. The department shall separately account for the revenues  
29 collected with respect to the rates imposed pursuant to this subsection and  
30 the state treasurer shall distribute all of those revenues in the manner  
31 prescribed by section 42-5029, subsection E. The rates imposed pursuant to  
32 this subsection shall not be considered local revenues for purposes of  
33 article IX, section 21, Constitution of Arizona. The additional tax rate  
34 increment is levied at the rate of six-tenths of one per cent of the tax base  
35 of every person engaging or continuing in this state in a business  
36 classification listed in subsection A, paragraph 1 of this section.

37           H. Any increase in the rate of tax that is imposed by this chapter and  
38 that is enacted by the legislature or by a vote of the people does not apply  
39 with respect to contracts entered into by prime contractors or pursuant to  
40 written bids made by prime contractors on or before the effective date of the  
41 legislation or the date of the election enacting the increase. To qualify  
42 for the exemption under this subsection, the prime contractor must maintain  
43 sufficient documentation, in a manner and form prescribed by the department,  
44 to verify the date of the contract or written bid.

1 I. For taxpayers taxable under this chapter other than prime  
2 contractors taxable pursuant to section 42-5075:

3 1. Any increase in the rate of tax that is levied by this article or  
4 article 2 of this chapter enacted by the legislature or by a vote of the  
5 people does not apply for a period of one hundred twenty days from the date  
6 of the tax rate increase to the gross proceeds of sales or gross income from  
7 the business of the taxpayer with respect to written contracts entered into  
8 before the effective date of the tax rate increase unless the taxpayer has  
9 entered into a contract that contains a provision that entitles the taxpayer  
10 to recover from the purchaser the amount of the additional tax levied.

11 2. The provisions of this subsection apply without regard to the  
12 accounting method used by the taxpayer to report the taxes imposed under  
13 article 2 of this chapter.

14 3. The provisions of this subsection shall not be considered in  
15 determining the rate of tax imposed under chapter 6, article 3 of this title.

16 Sec. 27. Section 42-5029, Arizona Revised Statutes, is amended to  
17 read:

18 42-5029. Remission and distribution of monies; definition

19 A. The department shall deposit, pursuant to sections 35-146 and  
20 35-147, all revenues collected under this article and articles 4, 5, ~~AND 8~~  
21 ~~and 9~~ of this chapter pursuant to section 42-1116, separately accounting for:

22 1. Payments of estimated tax under section 42-5014, subsection D.

23 2. Revenues collected pursuant to section 42-5070.

24 3. Revenues collected under this article and article 5 of this chapter  
25 from and after June 30, 2000 from sources located on Indian reservations in  
26 this state.

27 4. Revenues collected pursuant to section 42-5010, subsection G and  
28 section 42-5155, subsection D.

29 B. The department shall credit payments of estimated tax to an  
30 estimated tax clearing account and each month shall transfer all monies in  
31 the estimated tax clearing account to a fund designated as the transaction  
32 privilege and severance tax clearing account. The department shall credit  
33 all other payments to the transaction privilege and severance tax clearing  
34 account, separately accounting for the monies designated as distribution base  
35 under sections 42-5010, 42-5164, 42-5205, ~~AND 42-5353 and 42-5409~~. Each  
36 month the department shall report to the state treasurer the amount of monies  
37 collected pursuant to this article and articles 4, 5, ~~AND 8 and 9~~ of this  
38 chapter.

39 C. On notification by the department, the state treasurer shall  
40 distribute the monies deposited in the transaction privilege and severance  
41 tax clearing account in the manner prescribed by this section and by sections  
42 42-5164, 42-5205, ~~AND 42-5353 and 42-5409~~, after deducting warrants drawn  
43 against the account pursuant to sections 42-1118 and 42-1254.

1           D. Of the monies designated as distribution base the department shall:  
2           1. Pay twenty-five per cent to the various incorporated municipalities  
3 in this state in proportion to their population to be used by the  
4 municipalities for any municipal purpose.  
5           2. Pay 38.08 per cent to the counties in this state by averaging the  
6 following proportions:  
7           (a) The proportion that the population of each county bears to the  
8 total state population.  
9           (b) The proportion that the distribution base monies collected during  
10 the calendar month in each county under this article, section 42-5164,  
11 subsection B, section 42-5205, subsection B and ~~sections~~ SECTION 42-5353 and  
12 ~~42-5409~~ bear to the total distribution base monies collected under this  
13 article, section 42-5164, subsection B, section 42-5205, subsection B and  
14 ~~sections~~ SECTION 42-5353 and ~~42-5409~~ throughout the state for the calendar  
15 month.  
16           3. Pay an additional 2.43 per cent to the counties in this state as  
17 follows:  
18           (a) Average the following proportions:  
19           (i) The proportion that the assessed valuation used to determine  
20 secondary property taxes of each county, after deducting that part of the  
21 assessed valuation that is exempt from taxation at the beginning of the month  
22 for which the amount is to be paid, bears to the total assessed valuations  
23 used to determine secondary property taxes of all the counties after  
24 deducting that portion of the assessed valuations that is exempt from  
25 taxation at the beginning of the month for which the amount is to be paid.  
26 Property of a city or town that is not within or contiguous to the municipal  
27 corporate boundaries and from which water is or may be withdrawn or diverted  
28 and transported for use on other property is considered to be taxable  
29 property in the county for purposes of determining assessed valuation in the  
30 county under this item.  
31           (ii) The proportion that the distribution base monies collected during  
32 the calendar month in each county under this article, section 42-5164,  
33 subsection B, section 42-5205, subsection B and ~~sections~~ SECTION 42-5353 and  
34 ~~42-5409~~ bear to the total distribution base monies collected under this  
35 article, section 42-5164, subsection B, section 42-5205, subsection B and  
36 ~~sections~~ SECTION 42-5353 and ~~42-5409~~ throughout the state for the calendar  
37 month.  
38           (b) If the proportion computed under subdivision (a) of this paragraph  
39 for any county is greater than the proportion computed under paragraph 2 of  
40 this subsection, the department shall compute the difference between the  
41 amount distributed to that county under paragraph 2 of this subsection and  
42 the amount that would have been distributed under paragraph 2 of this  
43 subsection using the proportion computed under subdivision (a) of this  
44 paragraph and shall pay that difference to the county from the amount  
45 available for distribution under this paragraph. Any monies remaining after



1 all payments under this subdivision shall be distributed among the counties  
2 according to the proportions computed under paragraph 2 of this subsection.

3 4. After any distributions required by sections 42-5030, 42-5030.01,  
4 42-5031, 42-5032 and 42-5032.01, and after making any transfer to the water  
5 quality assurance revolving fund as required by section 49-282, subsection B,  
6 credit the remainder of the monies designated as distribution base to the  
7 state general fund. From this amount:

8 (a) The legislature shall annually appropriate to:

9 (i) The department of revenue sufficient monies to administer and  
10 enforce this article and articles 5, ~~AND 8 and 9~~ of this chapter.

11 (ii) The department of economic security monies to be used for the  
12 purposes stated in title 46, chapter 1.

13 (iii) The Arizona arts endowment fund established by section 41-986,  
14 the full amount by which revenues derived from the amusement classification  
15 pursuant to section 42-5073 for the current fiscal year exceed the revenues  
16 that were derived from that classification in fiscal year 1993-1994, except  
17 that this amount shall not exceed two million dollars through fiscal year  
18 2008-2009.

19 (iv) The firearms safety and ranges fund established by section  
20 17-273, fifty thousand dollars derived from the taxes collected from the  
21 retail classification pursuant to section 42-5061 for the current fiscal  
22 year.

23 (b) The state treasurer shall transfer to the tourism fund an amount  
24 equal to the sum of the following:

25 (i) Three and one-half per cent of the gross revenues derived from the  
26 transient lodging classification pursuant to section 42-5070 during the  
27 preceding fiscal year.

28 (ii) Three per cent of the gross revenues derived from the amusement  
29 classification pursuant to section 42-5073 during the preceding fiscal year.

30 (iii) Two per cent of the gross revenues derived from the restaurant  
31 classification pursuant to section 42-5074 during the preceding fiscal year.

32 E. If approved by the qualified electors voting at a statewide general  
33 election, all monies collected pursuant to section 42-5010, subsection G and  
34 section 42-5155, subsection D shall be distributed each fiscal year pursuant  
35 to this subsection. The monies distributed pursuant to this subsection are  
36 in addition to any other appropriation, transfer or other allocation of  
37 public or private monies from any other source and shall not supplant,  
38 replace or cause a reduction in other school district, charter school,  
39 university or community college funding sources. The monies shall be  
40 distributed as follows:

41 1. If there are outstanding state school facilities revenue bonds  
42 pursuant to title 15, chapter 16, article 7, each month one-twelfth of the  
43 amount that is necessary to pay the fiscal year's debt service on outstanding  
44 state school improvement revenue bonds for the current fiscal year shall be  
45 transferred each month to the school improvement revenue bond debt service

1 fund established by section 15-2084. The total amount of bonds for which  
2 these monies may be allocated for the payment of debt service shall not  
3 exceed a principal amount of eight hundred million dollars exclusive of  
4 refunding bonds and other refinancing obligations.

5 2. After any transfer of monies pursuant to paragraph 1 of this  
6 subsection, twelve per cent of the remaining monies collected during the  
7 preceding month shall be transferred to the technology and research  
8 initiative fund established by section 15-1648 to be distributed among the  
9 universities for the purpose of investment in technology and research-based  
10 initiatives.

11 3. After the transfer of monies pursuant to paragraph 1 of this  
12 subsection, three per cent of the remaining monies collected during the  
13 preceding month shall be transferred to the workforce development account  
14 established in each community college district pursuant to section 15-1472  
15 for the purpose of investment in workforce development programs.

16 4. After transferring monies pursuant to paragraphs 1, 2 and 3 of this  
17 subsection, one-twelfth of the amount a community college that is owned,  
18 operated or chartered by a qualifying Indian tribe on its own Indian  
19 reservation would receive pursuant to section 15-1472, subsection D,  
20 paragraph 2 if it were a community college district shall be distributed each  
21 month to the treasurer or other designated depository of a qualifying Indian  
22 tribe. Monies distributed pursuant to this paragraph are for the exclusive  
23 purpose of providing support to one or more community colleges owned,  
24 operated or chartered by a qualifying Indian tribe and shall be used in a  
25 manner consistent with section 15-1472, subsection B. For purposes of this  
26 paragraph, "qualifying Indian tribe" has the same meaning as defined in  
27 section 42-5031.01, subsection D.

28 5. After transferring monies pursuant to paragraphs 1, 2 and 3 of this  
29 subsection, one-twelfth of the following amounts shall be transferred each  
30 month to the department of education for the increased cost of basic state  
31 aid under section 15-971 due to added school days and associated teacher  
32 salary increases enacted in 2000:

33 (a) In fiscal year 2001-2002, \$15,305,900.

34 (b) In fiscal year 2002-2003, \$31,530,100.

35 (c) In fiscal year 2003-2004, \$48,727,700.

36 (d) In fiscal year 2004-2005, \$66,957,200.

37 (e) In fiscal year 2005-2006 and each fiscal year thereafter,  
38 \$86,280,500.

39 6. After transferring monies pursuant to paragraphs 1, 2 and 3 of this  
40 subsection, seven million eight hundred thousand dollars is appropriated each  
41 fiscal year, to be paid in monthly installments, to the department of  
42 education to be used for school safety as provided in section 15-154 and two  
43 hundred thousand dollars is appropriated each fiscal year, to be paid in  
44 monthly installments to the department of education to be used for the  
45 character education matching grant program as provided in section 15-154.01.

1           7. After transferring monies pursuant to paragraphs 1, 2 and 3 of this  
2 subsection, no more than seven million dollars may be appropriated by the  
3 legislature each fiscal year to the department of education to be used for  
4 accountability purposes as described in section 15-241 and title 15, chapter  
5 9, article 8.

6           8. After transferring monies pursuant to paragraphs 1, 2 and 3 of this  
7 subsection, one million five hundred thousand dollars is appropriated each  
8 fiscal year, to be paid in monthly installments, to the failing schools  
9 tutoring fund established by section 15-241.

10          9. After transferring monies pursuant to paragraphs 1, 2 and 3 of this  
11 subsection, twenty-five million dollars shall be transferred each fiscal year  
12 to the state general fund to reimburse the general fund for the cost of the  
13 income tax credit allowed by section 43-1072.01.

14          10. After the payment of monies pursuant to paragraphs 1 through 9 of  
15 this subsection, the remaining monies collected during the preceding month  
16 shall be transferred to the classroom site fund established by section  
17 15-977. The monies shall be allocated as follows in the manner prescribed by  
18 section 15-977:

19           (a) Forty per cent shall be allocated for teacher compensation based  
20 on performance.

21           (b) Twenty per cent shall be allocated for increases in teacher base  
22 compensation and employee related expenses.

23           (c) Forty per cent shall be allocated for maintenance and operation  
24 purposes.

25          F. The department shall credit the remainder of the monies in the  
26 transaction privilege and severance tax clearing account to the state general  
27 fund, subject to any distribution required by section 42-5030.01.

28          G. Notwithstanding subsection D of this section, if a court of  
29 competent jurisdiction finally determines that tax monies distributed under  
30 this section were illegally collected under this article or articles 5, ~~AND~~  
31 ~~8 and 9~~ of this chapter and orders the monies to be refunded to the taxpayer,  
32 the department shall compute the amount of such monies that was distributed  
33 to each city, town and county under this section. The department shall  
34 notify the state treasurer of that amount plus the proportionate share of  
35 additional allocated costs required to be paid to the taxpayer. Each city's,  
36 town's and county's proportionate share of the costs shall be based on the  
37 amount of the original tax payment each municipality and county received.  
38 Each month the state treasurer shall reduce the amount otherwise  
39 distributable to the city, town and county under this section by one  
40 thirty-sixth of the total amount to be recovered from the city, town or  
41 county until the total amount has been recovered, but the monthly reduction  
42 for any city, town or county shall not exceed ten per cent of the full  
43 monthly distribution to that entity. The reduction shall begin for the first  
44 calendar month after the final disposition of the case and shall continue  
45 until the total amount, including interest and costs, has been recovered.

1 H. On receiving a certificate of default from the greater Arizona  
2 development authority pursuant to section 41-1554.06 or 41-1554.07 and to the  
3 extent not otherwise expressly prohibited by law, the state treasurer shall  
4 withhold from the next succeeding distribution of monies pursuant to this  
5 section due to the defaulting political subdivision the amount specified in  
6 the certificate of default and immediately deposit the amount withheld in the  
7 greater Arizona development authority revolving fund. The state treasurer  
8 shall continue to withhold and deposit the monies until the greater Arizona  
9 development authority certifies to the state treasurer that the default has  
10 been cured. In no event may the state treasurer withhold any amount that the  
11 defaulting political subdivision certifies to the state treasurer and the  
12 authority as being necessary to make any required deposits then due for the  
13 payment of principal and interest on bonds of the political subdivision that  
14 were issued before the date of the loan repayment agreement or bonds and that  
15 have been secured by a pledge of distributions made pursuant to this section.

16 I. Except as provided by sections 42-5033 and 42-5033.01, the  
17 population of a county, city or town as determined by the most recent United  
18 States decennial census plus any revisions to the decennial census certified  
19 by the United States bureau of the census shall be used as the basis for  
20 apportioning monies pursuant to subsection D of this section.

21 J. For the purposes of this section, "community college district"  
22 means a community college district **THAT IS** established pursuant to sections  
23 15-1402 and 15-1403 **AND** that is a political subdivision of this state.

24 Sec. 28. Section 42-5069, Arizona Revised Statutes, is amended to  
25 read:

26 **42-5069. Commercial lease classification: definitions**

27 A. The commercial lease classification is comprised of the business of  
28 leasing for a consideration the use or occupancy of real property.

29 B. A person who, as a lessor, leases or rents for a consideration  
30 under one or more leases or rental agreements the use or occupancy of real  
31 property that is used by the lessee for commercial purposes is deemed to be  
32 engaged in business and subject to the tax imposed by article 1 of this  
33 chapter, but this subsection does not include leases or rentals of real  
34 property used for residential or agricultural purposes.

35 C. The commercial lease classification does not include:

36 1. Any business activities ~~which~~ **THAT** are classified under the  
37 transient lodging classification.

38 2. Activities engaged in by the Arizona exposition and state fair  
39 board or county fair commissions in connection with events sponsored by those  
40 entities.

41 3. Leasing real property to a lessee who subleases the property if the  
42 lessee is engaged in business classified under the commercial lease  
43 classification or the transient lodging classification.

44 4. Leasing real property pursuant to a written lease agreement entered  
45 into before December 1, 1967. This exclusion does not apply to ~~+~~

1       ~~(a)~~ the businesses of hotels, guest houses, dude ranches and resorts,  
2       rooming houses, apartment houses, office buildings, automobile storage  
3       garages, parking lots or tourist camps, or to the extension or renewal of any  
4       such written lease agreement.

5       ~~(b) Any such written lease agreement unless a rental occupancy tax is~~  
6       ~~paid pursuant to article 9 of this chapter.~~

7       5. Leasing real property by a corporation to an affiliated  
8       corporation. For THE purposes of this paragraph, "affiliated corporation"  
9       means a corporation ~~which~~ THAT owns or controls at least eighty per cent of  
10      the lessor, THAT is at least eighty per cent owned or controlled by the  
11      lessor or THAT is at least eighty per cent owned or controlled by a  
12      corporation ~~which~~ THAT also owns or controls at least eighty per cent of the  
13      lessor. Ownership and control are determined by reference to the voting  
14      shares of a corporation.

15      6. Leasing real property for sublease if the tenant in possession of  
16      the property is subject to the rental occupancy tax pursuant to article 9 of  
17      this chapter.

18      7. Leasing real property for boarding horses.

19      8. Leasing or renting real property or the right to use real property  
20      at exhibition events in this state sponsored, operated or conducted by a  
21      nonprofit organization that is exempt from taxation under section 501(c)(3),  
22      501(c)(4) or 501(c)(6) of the internal revenue code if the organization is  
23      associated with major league baseball teams or a national touring  
24      professional golfing association and no part of the organization's net  
25      earnings inures to the benefit of any private shareholder or individual.

26      9. Leasing or renting real property or the right to use real property  
27      for use as a rodeo featuring primarily farm and ranch animals in this state  
28      sponsored, operated or conducted by a nonprofit organization that is exempt  
29      from taxation under section 501(c)(3), 501(c)(4), 501(c)(6), 501(c)(7) or  
30      501(c)(8) of the internal revenue code and no part of the organization's net  
31      earnings inures to the benefit of any private shareholder or individual.

32      10. Leasing or renting dwelling units, lodging facilities or trailer or  
33      mobile home spaces if the units, facilities or spaces are intended to serve  
34      as the principal or permanent place of residence for the lessee or renter or  
35      if the unit, facility or space is leased or rented to a single tenant thirty  
36      or more consecutive days.

37      11. Leasing or renting real property and improvements for use primarily  
38      for religious worship by a nonprofit organization that is exempt from  
39      taxation under section 501(c)(3) of the internal revenue code and no part of  
40      the organization's net earnings inures to the benefit of any private  
41      shareholder or individual.

42      12. Leasing or renting real property used for agricultural purposes  
43      under either of the following circumstances:

44          (a) The lease or rental is between family members, trusts, estates,  
45          corporations, partnerships, joint venturers or similar entities, or any

1 combination thereof, if the individuals or at least eighty per cent of the  
2 beneficiaries, shareholders, partners or joint venturers share a family  
3 relationship as parents or ancestors of parents, children or descendants of  
4 children, siblings, cousins of the first degree, aunts, uncles, nieces or  
5 nephews of the first degree, spouses of any of the listed relatives and  
6 listed relatives by the half-blood or by adoption.

7 (b) The lessor leases or rents real property used for agricultural  
8 purposes under no more than three leases or rental agreements.

9 13. Leasing, renting or granting the right to use real property to  
10 vendors or exhibitors by a trade or industry association ~~which~~ THAT is a  
11 qualifying organization pursuant to section 513(d)(3)(C) of the internal  
12 revenue code for a period not to exceed twenty-one days in connection with an  
13 event that meets all of the following conditions:

14 (a) ~~Where~~ The majority of such vending or exhibition activities relate  
15 to the nature of THE trade or business sponsoring the event.

16 (b) The event is held in conjunction with a formal business meeting of  
17 the trade or industry association.

18 (c) The event is organized by the persons engaged in the particular  
19 trade or industry.

20 14. Leasing, renting or granting the right to use real property for a  
21 period not to exceed twenty-one days by a coliseum, civic center, civic  
22 plaza, convention center, auditorium or arena owned by this state or any of  
23 its political subdivisions.

24 15. Leasing or subleasing real property used by a nursing care  
25 institution as defined in section 36-401 that is licensed pursuant to title  
26 36, chapter 4.

27 16. Leasing or renting a transportation facility as provided in section  
28 28-7705, subsections A and B.

29 17. Granting or providing rights to real property that constitute a  
30 profit à prendre for the severance of minerals, including all rights to use  
31 the surface or subsurface of the property as is necessary or convenient to  
32 the right to sever the minerals. This paragraph does not exclude from the  
33 commercial lease classification leasehold rights to the real property that  
34 are granted in addition to and not included within the right of profit à  
35 prendre, but the tax base for the grant of such a leasehold right, if the  
36 gross income derived from the grant is not separately stated from the gross  
37 income derived from the grant of the profit à prendre, shall not exceed the  
38 fair market value of the leasehold rights computed after excluding the value  
39 of all rights under the profit à prendre. ~~As used in~~ FOR THE PURPOSES OF  
40 this paragraph, "profit à prendre" means a right to use the land of another  
41 to mine minerals, and carries with it the right of entry and the right to  
42 remove and take the minerals from the land and also includes the right to use  
43 the surface of the land as is necessary and convenient for exercise of the  
44 profit.

1 D. The tax base for the commercial lease classification is the gross  
2 proceeds of sales or gross income derived from the business, but  
3 reimbursements to the lessor for utility service shall be deducted from the  
4 tax base.

5 E. Notwithstanding section 42-1104, subsection B, paragraph 1,  
6 subdivision (b) and paragraph 2, the failure to file tax returns for the  
7 commercial lease classification that report gross income derived from any  
8 agreement that constitutes, in whole or in part, a grant of a right of profit  
9 à prendre for the severance of minerals does not constitute an exception to  
10 the general rule for the statute of limitations.

11 F. For THE purposes of this section:

12 1. "Leasing" includes renting.

13 2. "Real property" includes any improvements, rights or interest in  
14 such property.

15 Sec. 29. Repeal

16 Section 42-5077, Arizona Revised Statutes, is repealed.

17 Sec. 30. Section 42-5201, Arizona Revised Statutes, is amended to  
18 read:

19 42-5201. Definitions

20 In this article, unless the context otherwise requires:

21 1. "Gross value of production" means the sum of the value of  
22 production determined for each metalliferous mineral mined by the severer.

23 2. "Metallic product" means any metalliferous mineral or metalliferous  
24 mineral product.

25 3. "Metalliferous mineral" means copper, gold, silver, molybdenum or  
26 other metal or any ore or substance containing such metals including  
27 turquoise that is severed within this state.

28 4. "Metalliferous mineral product" means the material resulting from  
29 the processing of a metalliferous mineral including any concentrate of an  
30 ore, any precipitate of a metalliferous mineral or any metal bullion.

31 5. "Mining" means the activity of extracting from the earth substances  
32 that become metalliferous minerals and:

33 (a) In the case of ore that is customarily milled, concentrated,  
34 agitation leached, or vat leached, mining includes all activity from the  
35 breaking of ground to the delivery of ore to the primary crusher, including  
36 blasting, loading, hauling, including hauling of waste, and dumping. The  
37 quantity mined shall be measured after final crushing.

38 (b) In the case of ore that is not customarily milled, concentrated,  
39 agitation leached, or vat leached, mining includes all activity from the  
40 breaking of ground to the delivery of the ore to the reduction works, or if  
41 the reduction works are located away from the situs of the mining activity,  
42 to the point at which the ore is loaded on a means of transport to the  
43 reduction works. The quantity mined shall be measured upon delivery to the  
44 reduction works, or if the reduction works are located away from the situs of  
45 mining activity, upon loading on a means of transport to the reduction works.

1 (c) In the case of dump or in situ leaching where the leach liquor is  
2 precipitated, mining includes all activity from the breaking of ground, if  
3 any, to the delivery of the leach liquor to the facility at which  
4 precipitation takes place. The quantity mined shall be measured upon  
5 precipitation.

6 (d) In the case of dump or in situ leaching where the leach liquor is  
7 converted through a chemical, electrolytic or other means directly from a  
8 liquor to a solid metallic mass, mining includes all activity from the  
9 breaking of ground, if any, to the delivery of the leach liquor to the  
10 solvent extraction or similar facility. The quantity mined shall be measured  
11 upon delivery to the solvent extraction facility.

12 6. "Mining costs" means production costs incurred in mining.

13 7. "Out-of-state processing costs" means processing costs incurred by  
14 the severer out of this state including freight charges incurred for shipping  
15 metallic products out of this state.

16 8. "Price" means the per unit consideration a severer receives from  
17 the sale during the reporting period of a metallic product whether sold  
18 within or without this state. If a severer engages in manufacturing,  
19 fabricating or other transforming activities of a refined metalliferous  
20 mineral product before making a sale, the charges made by the severer for  
21 such activities shall not be a part of the consideration in establishing the  
22 price. If no sales occurred during the reporting period, price shall be  
23 derived from the last reporting period in which sales occurred.

24 9. "Processing" means any non-mining activity that transforms  
25 metalliferous minerals into metalliferous mineral products including  
26 precipitating, crushing, concentrating, smelting and refining. "Processing"  
27 does not include manufacturing or fabrication or other transformation  
28 activities beyond refining.

29 10. "Processing costs" means production costs other than mining costs.

30 11. "Production costs" means the costs incurred by the severer in  
31 mining and processing until the point of sale including but not limited to  
32 energy, fuel, labor, supplies, depreciation, transportation and other  
33 expenses reasonably allocable to mining or processing including but not  
34 limited to labor benefits, property taxes, lease payments for equipment used  
35 in mining or processing and support services such as maintenance, security  
36 and administration if such services are site specific. Production costs also  
37 include selling expenses but do not include severance taxes or depletion  
38 expenses. Production costs also do not include corporate salary and office  
39 expenses, income taxes, interest expense on debt or corporate capital  
40 charges.

41 12. "Recoverable units" means metalliferous mineral units based on  
42 processing or contractual recoveries during the period of production.

43 13. "Sale" shall have the meaning ascribed to it in section 42-5001.

44 14. "Severer" means a person engaging in the business of mining ~~or~~  
45 ~~timbering.~~



1       15. "Severing" means mining ~~or timbering~~.

2       ~~16. "Timber product" means poles, saw logs, pulpwood or firewood which~~  
3 ~~result from timbering.~~

4       ~~17. "Timbering" includes all activities of a severer within this state~~  
5 ~~resulting in the production of a timber product, including felling, limbing,~~  
6 ~~bucking, skidding, loading and all activities ordinarily required under the~~  
7 ~~terms of United States forest service timber contracts granted under 36 Code~~  
8 ~~of Federal Regulations section 223.1, whether performed by the severer or a~~  
9 ~~contractor of the severer.~~

10       ~~18.~~ 16. "Value of production" means the price multiplied by the  
11 recoverable units of a metallic product mined by the severer.

12       Sec. 31. Section 42-5202, Arizona Revised Statutes, is amended to  
13 read:

14       42-5202. Levy of tax

15       A. There is levied on any severer, and the department shall collect,  
16 an excise tax, denominated as a severance tax.

17       B. Except as provided in section 42-5203, the severance tax is in lieu  
18 of any other tax imposed upon the activities of ~~timbering or~~ mining and  
19 processing by article 1 of this chapter.

20       C. The amount of the severance tax levied on a severer engaging in the  
21 business of mining shall be determined by multiplying the net severance base  
22 by two and one-half per cent.

23       ~~D. The amount of the severance tax levied on a severer engaging in the~~  
24 ~~business of timbering shall be:~~

25       ~~1. Two dollars thirteen cents per thousand board feet for timber~~  
26 ~~products that are derived from ponderosa pine.~~

27       ~~2. One dollar fifty one cents per thousand board feet for timber~~  
28 ~~products derived from all species except ponderosa pine.~~

29       Sec. 32. Repeal

30       Title 42, chapter 5, article 9, Arizona Revised Statutes, is repealed.

31       Sec. 33. Section 42-17201, Arizona Revised Statutes, is amended to  
32 read:

33       42-17201. County levy limit override

34       A. The board of supervisors of a county may conduct an election to  
35 authorize a property tax levy that is not within the limitations on primary  
36 property taxation otherwise prescribed by section 42-17051.

37       B. In order to levy taxes exceeding the limitations prescribed on  
38 primary property tax, the board of supervisors shall adopt a resolution, by  
39 an affirmative vote of at least two-thirds of its membership, requesting the  
40 voters to approve a secondary property tax levy.

41       C. The board of supervisors shall submit the question to the qualified  
42 electors of the county at ~~a special~~ AN election held on the ~~third Tuesday in~~  
43 ~~May before the beginning of the fiscal year in which the taxes are to be~~  
44 ~~levied~~ FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY  
45 SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).

1 D. In the resolution requesting the voters to approve the levy, the  
2 board shall state:

3 1. The number of years in which the authority to levy taxes in excess  
4 of the limitations otherwise prescribed is to be in effect. The board shall  
5 not request authority from the voters for a period of less than two years nor  
6 more than seven years.

7 2. The purpose for providing revenue to the county.

8 3. The maximum dollar amount of secondary property tax that may be  
9 collected in each year of the authority if voters approve the levy.

10 4. The estimated secondary property tax rate that will be levied in  
11 the first year if the voters approve the levy.

12 E. If the levy is approved by the voters, the maximum amount of taxes  
13 that the board may levy for any year in which the authority is in effect is  
14 the amount stated in the resolution requesting voter approval of the levy.  
15 The board shall levy the tax in the same manner as county secondary property  
16 taxes as provided in section 42-17151.

17 F. The board may use monies it collects pursuant to this section only  
18 for the purposes stated in the resolution requesting approval of the levy. If  
19 an unexpended balance of the monies collected pursuant to this section  
20 remains after satisfying the requirements of the resolution requesting the  
21 approval of the levy, the board shall use the balance to reduce the levy in  
22 the following year. If the balance exceeds the requirements for the  
23 following year or if the authority granted by the voters to collect the taxes  
24 pursuant to this section expires and is not renewed, the board shall use the  
25 balance to reduce the county primary property tax in the following year.

26 G. The board shall deposit and separately account for the amounts  
27 collected pursuant to this section in a fund in the county treasury.

28 H. The amounts collected pursuant to this section:

29 1. Shall not be included in the primary property tax levy limitation  
30 prescribed by section 42-17051 for any subsequent year, except as provided in  
31 this section.

32 2. Shall be collected from a levy of secondary property taxes.

33 3. Are not subject to limitations on taxes prescribed by article IX,  
34 section 18, Constitution of Arizona.

35 Sec. 34. Section 42-17202, Arizona Revised Statutes, is amended to  
36 read:

37 42-17202. Community college district levy limit override

38 A. If the governing board of a community college district determines  
39 that the amounts permitted to be levied as primary property taxes in any year  
40 pursuant to section 42-17051 would provide insufficient revenue to the  
41 district, the board may conduct an election to authorize a property tax levy  
42 that is not within the limitations on primary property taxation.

43 B. In order to levy taxes exceeding the limitations prescribed on  
44 primary property tax, the board shall adopt a resolution, by an affirmative

1 vote of at least two-thirds of its membership, requesting the voters to  
2 approve a secondary property tax levy.

3 C. The resolution shall state:

4 1. The maximum dollar amount of secondary property tax that may be  
5 collected in each year of the authority if the voters approve the levy.

6 2. The number of years for which the authority to levy in excess of  
7 the levy limitation is to be in effect, which shall be at least two years but  
8 not more than seven years.

9 D. The election shall be held at a regularly scheduled election on the  
10 first Tuesday after the first Monday in November AS PRESCRIBED BY SECTION  
11 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).

12 E. The impact of the proposal shall appear on the ballot and in  
13 publicity pamphlets in the same manner as provided for local alternative  
14 expenditure limitations pursuant to section 41-563.03.

15 F. If a majority of the qualified electors voting at the election  
16 approves, the governing board may levy the additional amount as authorized in  
17 the election. The additional amount approved by the voters:

18 1. Shall not be included in computing the primary property tax levy  
19 limitation for any subsequent year.

20 2. Shall be collected from a levy of secondary property taxes.

21 3. Is not subject to the limitations on taxes prescribed by article  
22 IX, section 18, Constitution of Arizona.

23 Sec. 35. Section 42-17203, Arizona Revised Statutes, is amended to  
24 read:

25 42-17203. County levy for community college: election

26 A. A county that is not in an organized community college district may  
27 conduct an election to authorize a property tax levy for community college  
28 purposes that is not within the limitation on primary property taxes that is  
29 otherwise prescribed by section 42-17051.

30 B. In order to levy taxes for community college purposes in excess of  
31 the limitations otherwise prescribed on primary property tax, the board of  
32 supervisors of a county that is not in an organized community college  
33 district shall adopt a resolution by an affirmative vote of at least  
34 two-thirds of its membership requesting the voters to approve a community  
35 college reimbursement levy and setting the time and place for the election.

36 ~~C. If the board approves the resolution within six months before the~~  
37 ~~time in which a general election is to be conducted but not later than sixty~~  
38 ~~days before the general election, the board shall submit the question to the~~  
39 ~~voters at the general election. If the board approves the resolution, but~~  
40 ~~not within six months before the time in which a general election is to be~~  
41 ~~conducted, the board shall submit the question to the voters at a special~~  
42 ~~election held on the third Tuesday in May. THE BOARD SHALL SUBMIT THE~~  
43 ~~QUESTIONS TO THE QUALIFIED ELECTORS AT AN ELECTION HELD ON THE FIRST TUESDAY~~  
44 ~~FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204,~~  
45 ~~SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d). Except as otherwise provided in~~

1 this section, the election shall be held according to the provisions applying  
2 to bond issuance elections in title 35, chapter 3, article 3.

3 D. In the resolution requesting the voters to approve the levy and  
4 setting the time and place for the election, the board shall state:

5 1. The estimated maximum dollar amount of secondary property taxes  
6 that could be collected in the first year if the voters approve the levy for  
7 payment of tuition under section 15-1469, subsection B, paragraph 1.

8 2. The estimated secondary property tax rate that will be levied if  
9 the voters approve the levy.

10 3. The estimated decrease of the primary property tax rate if the  
11 voters approve the levy for the payment of tuition under section 15-1469,  
12 subsection B, paragraph 1.

13 4. That the amount of community college reimbursement levy will vary  
14 from year to year to pay tuition under section 15-1469, subsection B,  
15 paragraph 1.

16 5. The maximum dollar amount of secondary property taxes that could be  
17 collected in the first year if the voters approve the levy for payment of  
18 tuition under section 15-1469, subsection B, paragraph 2 or to establish a  
19 campus in the county that is affiliated with a community college district as  
20 provided in subsection E of this section.

21 6. The maximum growth rate that will be allowed for secondary property  
22 taxes collected in each subsequent year if the voters approve the levy for  
23 payment of tuition under section 15-1469, subsection B, paragraph 2 or to  
24 establish a campus in the county that is affiliated with a community college  
25 district as provided in subsection E of this section.

26 E. The board may use monies it collects under this section to either:

27 1. Reimburse the costs of students pursuant to section 15-1469,  
28 subsection B, paragraphs 1 and 2 as approved by the voters.

29 2. Establish a campus in the county that is affiliated with a  
30 community college district.

31 F. If the levy is approved by the voters for purposes of reimbursement  
32 pursuant to section 15-1469, the maximum amount of taxes that the board may  
33 levy for any year in which the authority is in effect is the amount of  
34 reimbursement pursuant to section 15-1469, subsection B, paragraph 1 and any  
35 portion of the reimbursement as specified in the resolution pursuant to  
36 subsection D, paragraphs 5 and 6 of this section as approved by the board of  
37 supervisors.

38 G. The board of supervisors shall levy the tax in the same manner as  
39 county property taxes as provided in section 42-17151. If an unexpended  
40 balance of the monies collected pursuant to this section remains after  
41 satisfying the requirements of subsection E of this section, the board shall  
42 use the balance to reduce the community college levy under this section in  
43 the following year. If the balance exceeds the requirements for the  
44 following year, the board shall use the balance to reduce any other property  
45 tax authorized by law to be collected by the county.

1 H. The amounts collected pursuant to this section:  
2 1. Shall not be included in the levy limitation pursuant to section  
3 42-17051 for any subsequent year.  
4 2. Shall be collected from a levy of secondary property taxes.  
5 3. Except as provided in this section, are exempt pursuant to article  
6 IX, section 19, subsection (5), Constitution of Arizona, from levy  
7 limitations.  
8 Sec. 36. Section 43-1011, Arizona Revised Statutes, is amended to  
9 read:  
10 43-1011. Taxes and tax rates  
11 There shall be levied, collected and paid for each taxable year upon  
12 the entire taxable income of every resident of this state and upon the entire  
13 taxable income of every nonresident which is derived from sources within this  
14 state taxes determined in the following manner:  
15 1. For taxable years beginning from and after December 31, 1996  
16 through December 31, 1997:  
17 (a) In the case of a single person or a married person filing  
18 separately:  
19 If taxable income is: The tax is:  
20 \$0 - \$10,000 2.90% of taxable income  
21 \$10,001 - \$25,000 \$290, plus 3.30% of the excess over \$10,000  
22 \$25,001 - \$50,000 \$785, plus 3.90% of the excess over \$25,000  
23 \$50,001 - \$150,000 \$1,760, plus 4.80% of the excess over \$50,000  
24 \$150,001 and over \$6,560, plus 5.17% of the excess over \$150,000  
25 (b) In the case of a married couple filing a joint return or a single  
26 person who is a head of a household:  
27 If taxable income is: The tax is:  
28 \$0 - \$20,000 2.90% of taxable income  
29 \$20,001 - \$50,000 \$580, plus 3.30% of the excess over \$20,000  
30 \$50,001 - \$100,000 \$1,570, plus 3.90% of the excess over \$50,000  
31 \$100,001 - \$300,000 \$3,520, plus 4.80% of the excess over \$100,000  
32 \$300,001 and over \$13,120, plus 5.17% of the excess over \$300,000  
33 2. For taxable years beginning from and after December 31, 1997  
34 through December 31, 1998:  
35 (a) In the case of a single person or a married person filing  
36 separately:  
37 If taxable income is: The tax is:  
38 \$0 - \$10,000 2.88% of taxable income  
39 \$10,001 - \$25,000 \$288, plus 3.24% of the excess over \$10,000  
40 \$25,001 - \$50,000 \$774, plus 3.82% of the excess over \$25,000  
41 \$50,001 - \$150,000 \$1,729, plus 4.74% of the excess over \$50,000  
42 \$150,001 and over \$6,469, plus 5.10% of the excess over \$150,000

(b) In the case of a married couple filing a joint return or a single person who is a head of a household:

If taxable income is: The tax is:

\$0 - \$20,000	2.88% of taxable income
\$20,001 - \$50,000	\$576, plus 3.24% of the excess over \$20,000
\$50,001 - \$100,000	\$1,548, plus 3.82% of the excess over \$50,000
\$100,001 - \$300,000	\$3,458, plus 4.74% of the excess over \$100,000
\$300,001 and over	\$12,938, plus 5.10% of the excess over \$300,000

3. For taxable years beginning from and after December 31, 1998 THROUGH DECEMBER 31, 2005:

(a) In the case of a single person or a married person filing separately:

If taxable income is: The tax is:

\$0 - \$10,000	2.87% of taxable income
\$10,001 - \$25,000	\$287, plus 3.20% of the excess over \$10,000
\$25,001 - \$50,000	\$767, plus 3.74% of the excess over \$25,000
\$50,001 - \$150,000	\$1,702, plus 4.72% of the excess over \$50,000
\$150,001 and over	\$6,422, plus 5.04% of the excess over \$150,000

(b) In the case of a married couple filing a joint return or a single person who is a head of a household:

If taxable income is: The tax is:

\$0 - \$20,000	2.87% of taxable income
\$20,001 - \$50,000	\$574, plus 3.20% of the excess over \$20,000
\$50,001 - \$100,000	\$1,534, plus 3.74% of the excess over \$50,000
\$100,001 - \$300,000	\$3,404, plus 4.72% of the excess over \$100,000
\$300,001 and over	\$12,844, plus 5.04% of the excess over \$300,000

4. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2005 THROUGH DECEMBER 31, 2006:

(a) IN THE CASE OF A SINGLE PERSON OR A MARRIED PERSON FILING SEPARATELY:

IF TAXABLE INCOME IS: THE TAX IS:

\$0 - \$10,000	2.73% OF TAXABLE INCOME
\$10,001 - \$25,000	\$273, PLUS 3.04% OF THE EXCESS OVER \$10,000
\$25,001 - \$50,000	\$729, PLUS 3.55% OF THE EXCESS OVER \$25,000
\$50,001 - \$150,000	\$1,617, PLUS 4.48% OF THE EXCESS OVER \$50,000
\$150,001 AND OVER	\$6,097, PLUS 4.79% OF THE EXCESS OVER \$150,000

(b) IN THE CASE OF A MARRIED COUPLE FILING A JOINT RETURN OR A SINGLE PERSON WHO IS A HEAD OF A HOUSEHOLD:

IF TAXABLE INCOME IS: THE TAX IS:

\$0 - \$20,000	2.73% OF TAXABLE INCOME
\$20,001 - \$50,000	\$546, PLUS 3.04% OF THE EXCESS OVER \$20,000
\$50,001 - \$100,000	\$1,458, PLUS 3.55% OF THE EXCESS OVER \$50,000
\$100,001 - \$300,000	\$3,233, PLUS 4.48% OF THE EXCESS OVER \$100,000
\$300,001 AND OVER	\$12,193, PLUS 4.79% OF THE EXCESS OVER \$300,000

1           5. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2006:  
2           (a) IN THE CASE OF A SINGLE PERSON OR A MARRIED PERSON FILING  
3 SEPARATELY:

4           IF TAXABLE INCOME IS: THE TAX IS:  
5           \$0 - \$10,000           2.59% OF TAXABLE INCOME  
6           \$10,001 - \$25,000       \$259, PLUS 2.88% OF THE EXCESS OVER \$10,000  
7           \$25,001 - \$50,000       \$691, PLUS 3.36% OF THE EXCESS OVER \$25,000  
8           \$50,001 - \$150,000      \$1,531, PLUS 4.24% OF THE EXCESS OVER \$50,000  
9           \$150,001 AND OVER       \$5,771, PLUS 4.54% OF THE EXCESS OVER \$150,000

10          (b) IN THE CASE OF A MARRIED COUPLE FILING A JOINT RETURN OR A SINGLE  
11 PERSON WHO IS A HEAD OF A HOUSEHOLD:

12          IF TAXABLE INCOME IS: THE TAX IS:  
13          \$0 - \$20,000           2.59% OF TAXABLE INCOME  
14          \$20,001 - \$50,000       \$518, PLUS 2.88% OF THE EXCESS OVER \$20,000  
15          \$50,001 - \$100,000      \$1,382, PLUS 3.36% OF THE EXCESS OVER \$50,000  
16          \$100,001 - \$300,000      \$3,062, PLUS 4.24% OF THE EXCESS OVER \$100,000  
17          \$300,001 AND OVER       \$11,542, PLUS 4.54% OF THE EXCESS OVER \$300,000

18          Sec. 37. Section 48-1037, Arizona Revised Statutes, is amended to  
19 read:

20          48-1037. Notice and conduct of elections; waiver

21          A. Any election under this article shall be called by posting notices  
22 in three public places within the boundaries of the district not less than  
23 twenty days before the election. Notice shall also be published in a  
24 newspaper of general circulation in the county once a week for two  
25 consecutive weeks before the election. The notice shall state:

26           1. The place of holding the election.  
27           2. The hours during the day, not less than six, when the polls will be  
28 open.

29           3. If it is a formation election, the boundaries of the proposed  
30 district.

31           4. If it is a bond election, the amount of bonds to be authorized for  
32 the district, the maximum rate of interest to be borne on the bonds, the  
33 maximum term of the bonds, not exceeding thirty years, and the purposes for  
34 which the monies raised will be used.

35          B. A BOND ELECTION UNDER THIS SECTION MUST BE HELD ON THE FIRST  
36 TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION  
37 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).

38          ~~B.~~ C. The district board or the board of supervisors, as applicable,  
39 shall determine the polling places for the election and may consolidate  
40 county precincts. For other than a formation election, precinct registers  
41 shall be used. The county recorder shall submit precinct registers on the  
42 request of the clerk, and if the district includes land lying partly in and  
43 partly out of any county election precinct, the precinct registers may  
44 contain the names of all registered voters in the precinct and the election  
45 boards at such precincts shall require that a prospective elector execute an

1 affidavit stating that he is also a qualified elector of the district. For  
2 formation elections a prospective elector shall execute an affidavit stating  
3 that he is the owner of land in the district, is a qualified elector of this  
4 state and stating the area of land in acres owned by the elector. Election  
5 board members may give oaths or take all affirmations for these purposes.

6 ~~C.~~ D. Except as otherwise provided by this article, the election  
7 shall comply with the general election laws of this state, except that the  
8 words to appear on the ballots shall be for a formation election "district,  
9 yes" and "district, no" or for a bond election "bonds, yes" and "bonds, no".  
10 The returns of election shall be made to the district board.

11 ~~D.~~ E. On the seventh day after the election or within seven days of  
12 the election, the board of supervisors, or if after formation, the district  
13 board, shall meet and canvass the returns, and if a majority of the votes  
14 cast at the election is in favor of formation or issuing the bonds, the board  
15 shall enter that fact on its minutes. The board may continue the canvass  
16 from time to time.

17 ~~E.~~ F. Notwithstanding any other provision of this article, a petition  
18 for formation signed by owners of all of the land in the district described  
19 and approved by the ~~county~~ BOARD OF SUPERVISORS waives any requirements of  
20 posting, publication, mailing, notice, hearing and election. On receipt of  
21 such a petition, the ~~county~~ BOARD OF SUPERVISORS shall declare the district  
22 formed without being required to comply with ~~the provisions of~~ this article  
23 for posting, publication, mailing, notice, hearing or election.

24 Sec. 38. Section 48-1045, Arizona Revised Statutes, is amended to  
25 read:

26 48-1045. General obligation bonds

27 A. At any time after the hearing on formation of the district, the  
28 district board, or if before formation, the board of supervisors, may order  
29 and call a general obligation bond election to submit to the qualified  
30 electors of the district the question of authorizing the district board to  
31 issue general obligation bonds of the district to provide monies for any  
32 rural road improvements. The election may be ~~held in conjunction~~ COMBINED  
33 with the formation election, BUT MUST BE HELD ON THE FIRST TUESDAY FOLLOWING  
34 THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B,  
35 PARAGRAPH 1, SUBDIVISION (d).

36 B. The district shall not issue bonds which would cause the aggregate  
37 principal amount of bonds outstanding to exceed twenty-five per cent of the  
38 full cash value of real property in the district on the date of issue.

39 C. If general obligation bonds are approved at an election, the  
40 district board may issue and sell general obligation bonds of the district.

41 D. The district board may issue and sell general obligation refunding  
42 bonds to refund any general obligation bonds of the district. No election on  
43 the issuance of such refunding bonds is required.



1           Sec. 39. Section 48-1409, Arizona Revised Statutes, is amended to  
2 read:

3           48-1409. Conduct of election

4           A. The election shall be held, except as otherwise provided by this  
5 article, in conformity with the general election laws of the state, except  
6 that:

7           1. THE ELECTION SHALL BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST  
8 MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH  
9 1, SUBDIVISION (d).

10           2. The words to appear on the ballots shall be "bonds, yes. ( ),  
11 "bonds, no. ( )". ~~and~~

12           3. The returns of election shall be made to the board of trustees of  
13 the district.

14           B. On the seventh day after the election at 1:00 p.m., the board of  
15 trustees shall meet and canvass the returns, and if a majority of the votes  
16 cast at the election is in favor of issuing the bonds, then the board of  
17 trustees shall make an entry of that fact upon their minutes, and certify to  
18 the board of supervisors all proceedings had in the premises.

19           Sec. 40. Section 48-1413, Arizona Revised Statutes, is amended to  
20 read:

21           48-1413. Dissolution of district

22           A. When a petition signed by twenty-five electors within a special  
23 road district is presented to the board of supervisors of the county in which  
24 the special road district is located, requesting the dissolution of the  
25 district, the board ~~shall~~, within twenty days, **SHALL** call an election of the  
26 electors within the special road district to vote for or against the  
27 dissolution of the district. An election may be called and a special road  
28 district may dissolve only if there is another governmental entity which will  
29 accept dedication of the roads in that special road district. The petition  
30 shall state its purpose clearly and concisely and shall be in the form and  
31 signed and verified as generally provided for initiative petitions.

32           B. Notice of the time, place and purpose of the election shall be  
33 posted, the election officers shall be appointed, the election shall be  
34 conducted, returned and canvassed, and the ballots shall be similar in form,  
35 as prescribed by this article for bond elections of a district, **EXCEPT THAT**  
36 **THE DATE REQUIREMENTS THAT APPLY TO BOND ELECTIONS DO NOT APPLY TO AN**  
37 **ELECTION ON THE DISSOLUTION OF THE DISTRICT.**

38           C. The board of trustees of a special road district by a vote of a  
39 majority of the board of trustees, or if a joint special road district, by a  
40 vote of a majority of its joint board, also may request the dissolution of  
41 the district.

42           D. If a majority of the votes cast at the election favors the  
43 dissolution, or if the board of trustees of the district requests it, the  
44 board of supervisors shall enter in its records an order declaring the  
45 dissolution of the district, and from that time the district ceases to exist,

1 except that all real property and mobile homes in the district remain subject  
2 to taxation for all the bonds outstanding at the time of dissolution.

3 Sec. 41. Section 48-1416, Arizona Revised Statutes, is amended to  
4 read:

5 48-1416. Formation of overlay district; hearing; procedures;  
6 election

7 A. On request of the board of trustees of two or more contiguous  
8 special road districts, or two or more contiguous special road districts  
9 which comprise a joint special road district, the board of supervisors shall  
10 set a hearing on the creation of a new special road district overlaying the  
11 requesting districts. The proposed overlay district shall have boundaries  
12 coextensive with the exterior boundaries of the contiguous districts  
13 regardless of their shape or dimension, including any portion within any  
14 incorporated city or town.

15 B. Notice of the hearing shall be given by posting in four public  
16 places within the proposed district and by publication two times in a  
17 newspaper of general circulation in the proposed district.

18 C. Interested parties may file written objections with the clerk of  
19 the board of supervisors no later than five days before the date set for the  
20 hearing.

21 D. At the hearing, written and oral objections shall be heard and the  
22 board of supervisors shall rule on the objections. The hearing may be  
23 continued from time to time. If the board determines that the land within  
24 the districts will be benefited by the formation of the new district, it  
25 shall order an election to be held in the proposed district. The  
26 determination of the board is final and conclusive.

27 E. The election shall be called and conducted, notice shall be given  
28 and the results shall be canvassed as provided in title 16, except that  
29 sections 16-226 and 16-227 do not apply. ~~and~~ The election may be held on any  
30 date set by the board of supervisors which is not less than thirty days after  
31 the date the board of supervisors adopts the order, **EXCEPT THAT IF THE**  
32 **ELECTION IS COMBINED WITH AN ELECTION ON THE SALE OF BONDS AS PROVIDED BY**  
33 **SUBSECTION I OF THIS SECTION, THE ELECTION MUST BE HELD ON THE FIRST TUESDAY**  
34 **FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204,**  
35 **SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).**

36 F. If a majority of the qualified electors of the proposed district  
37 voting at the election favors formation of an overlay district, the board of  
38 supervisors shall order the formation of the overlay district.

39 G. If the formation of the overlay district is ordered the existing  
40 districts shall be dissolved and cease to exist, except that all real  
41 property and mobile homes within the dissolved districts remain subject to  
42 taxation for all the bonds, debts or obligations outstanding at the time of  
43 dissolution. All taxes levied and monies collected before dissolution shall  
44 be credited to the overlay district except for those levied or collected to  
45 pay bonds, debts and obligations of the dissolved districts outstanding at

1 the date of dissolution. The dissolved districts shall transfer to the  
2 overlay district all other assets, including all other monies and the roads  
3 and rights-of-way, of the dissolved districts, and the overlay district shall  
4 assume the combined budget, operations and maintenance of the dissolved  
5 districts.

6 H. The initial board of trustees of the overlay district shall be  
7 comprised of the trustees of the dissolved districts who shall continue to  
8 serve only until their respective existing terms are completed. At the first  
9 annual trustee election after formation of the overlay district, only one  
10 trustee shall be elected at large from the overlay district for a three year  
11 term to replace all former trustees whose terms are expiring. At each of the  
12 second and third annual trustee elections after formation, two trustees shall  
13 be elected at large for three year terms to replace all former trustees whose  
14 terms are expiring. Thereafter the district board shall consist of five  
15 trustees, elected at large, serving staggered three year terms.

16 I. If requested by the boards of trustees of the districts requesting  
17 the overlay district, the board of supervisors shall call, conduct and  
18 canvass, on behalf of the overlay district, an election on the sale of bonds  
19 by the overlay district to be held in conjunction with the election on  
20 formation and as provided in subsection E of this section.

21 J. The formation of the overlay district and dissolution of the  
22 previous districts become effective on a date set by the board of supervisors  
23 which is no earlier than thirty days after the canvass of the formation  
24 election.

25 K. A special road district formed pursuant to this section is subject  
26 to this article as a special road district.

27 Sec. 42. Section 48-1612, Arizona Revised Statutes, is amended to  
28 read:

29 48-1612. Election to authorize issuance of bonds

30 A. Upon receiving the report from the engineer provided by section  
31 48-1611, the board of directors shall proceed to determine the amount of  
32 money necessary to be raised and the character and extent of contract  
33 obligations to be undertaken to carry into effect the adopted plans and  
34 purposes, and shall forthwith call ~~a special~~ AN election at which shall be  
35 submitted to the electors of the district possessing the qualifications  
36 prescribed by this chapter the question of whether or not bonds of the  
37 district shall be issued in the amount so determined. **THE ELECTION MUST BE  
38 HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS  
39 PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).**

40 B. Notice of the election shall be given by posting notices in three  
41 public places in each election precinct in the district for at least twenty  
42 days, and by publication in a newspaper published in the county where the  
43 office of the board of directors is maintained, once a week for at least  
44 three consecutive weeks. The notice shall specify the time of holding the

1 election, the amount of bonds proposed to be issued and the maximum rate of  
2 interest to be borne on the bonds.

3 C. The election shall be ~~held~~ CONDUCTED and the results thereof  
4 determined and declared in all respects as nearly as possible in conformity  
5 with article 3 of this chapter governing the election of directors. No  
6 informalities in conducting the election shall invalidate the election if it  
7 has been otherwise fairly conducted.

8 D. At the election the ballots shall contain the words "bonds - -yes"  
9 and "bonds - -no". If the majority of the votes cast is "bonds - -  
10 yes, ~~—~~" the board of directors shall cause a series of bonds in the amount  
11 authorized to be prepared. If the majority of the votes cast is "bonds - -  
12 no," the result of the election shall be so declared and entered of record.

13 E. When the board thereafter deems it for the best interest of the  
14 district to issue bonds for district purposes and that the question of the  
15 issuance thereof be submitted to the electors, the board shall adopt  
16 resolutions to that effect and record them in its minutes, and the board may  
17 thereupon submit the question to the electors in the same manner and with  
18 like effect as at the previous election.

19 Sec. 43. Section 48-1615, Arizona Revised Statutes, is amended to  
20 read:

21 48-1615. Issuance of additional bonds; priority of liens

22 A. When the money provided by the previous issue of bonds has become  
23 exhausted by expenditures authorized by this chapter, ~~—~~ and it is necessary to  
24 raise additional money for such purposes, additional bonds may be issued by  
25 submitting the question ~~at a special election~~ to the qualified voters of the  
26 district and by complying with the ~~provisions of~~ PROCEDURES PRESCRIBED BY  
27 this article in respect to an original issue of bonds, but the lien for taxes  
28 for the payment of the interest and the principal of any bond of a prior  
29 issue shall be prior to the lien of any bond of a subsequent issue.

30 B. When the owner of land within the district for which title had not  
31 been obtained at the time of previous issues of bonds obtains a patent or  
32 title thereto, the board of directors may levy an assessment upon the land  
33 for the owner's proportionate share of the taxes levied by the district to  
34 pay the bonded indebtedness of the district.

35 Sec. 44. Section 48-1793, Arizona Revised Statutes, is amended to  
36 read:

37 48-1793. Bond election; notice; terms of bonds

38 A. The board of directors, upon complying with sections 48-1791 and  
39 48-1792, shall as soon as practicable call ~~a special~~ AN election at which  
40 shall be submitted to the qualified electors of the district the question of  
41 issuing negotiable bonds of the district in an amount necessary to carry out  
42 the proposed general purposes of the district. THE ELECTION MUST BE HELD ON  
43 THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY  
44 SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d). The bonds, if  
45 voted, shall be sold at such times and in such amounts as the board of

1 directors deems advisable, which shall be determined only approximately in  
2 the proceedings of the board, and shall so state in the notice of election.

3 B. The bonds shall run for such length of time as the board of  
4 directors decides upon and submits to the electors, but for not more than  
5 thirty years, and may provide for optional or progressive maturity in the  
6 discretion of the board. Such facts shall be included in the notice of the  
7 election. The bonds shall bear interest payable semiannually at the rate or  
8 rates set by the accepted bid which shall not exceed the maximum rate set  
9 forth in the notice of the election. The bonds may be made payable any place  
10 in the United States that is agreeable to the board and the purchasers.

11 Sec. 45. Section 48-1907, Arizona Revised Statutes, is amended to  
12 read:

13 48-1907. Powers of hospital district

14 A. A hospital district may:

15 1. Adopt and use a corporate seal.

16 2. Sue and be sued in all courts and places and in all actions and  
17 proceedings.

18 3. Purchase, receive, have, take, hold, lease, use and enjoy property  
19 of every kind and description within the limits of the district, and control,  
20 dispose of, convey, encumber and create leasehold interests in such property  
21 for the benefit of the district.

22 4. Administer trusts declared or created for the hospital district,  
23 and receive by gift, devise or bequest and hold in trust or otherwise,  
24 property located within the state or elsewhere and, when not otherwise  
25 provided, dispose of such property for the benefit of the hospital district.

26 5. Provide for the operation and maintenance at a single location  
27 within the district of a hospital, urgent care center, combined hospital and  
28 ambulance service when authorized to do so pursuant to title 36, chapter  
29 21.1, article 2, or combined urgent care center and ambulance service, when  
30 authorized to do so pursuant to title 36, chapter 21.1, article 2, owned or  
31 operated by the district. If the hospital district provides for the  
32 operation of an ambulance service, ambulance services shall be provided to  
33 all areas within the district. An existing hospital district that is located  
34 in a county with a population of less than five hundred thousand persons and  
35 that is operating at a single location may expand to a second location if the  
36 board of directors of the hospital district finds at a public hearing on the  
37 matter that an additional location is reasonably necessary for the persons  
38 served by the district.

39 6. Impose a secondary property tax on all taxable property within the  
40 district for the purpose of funding the operation and maintenance of a  
41 hospital, urgent care center, combined hospital and ambulance service or  
42 combined urgent care center and ambulance service that is owned or operated  
43 by the district or to pay costs of an ambulance service contract entered into  
44 pursuant to this section. The amount of the levy necessary for the operation  
45 and maintenance of the ambulance service, if any, shall be separately stated

1 in the levy. Prior to the initial imposition of such a tax a majority of the  
2 qualified electors ~~voting in a regular or special election~~ must approve such  
3 initial imposition. The continued imposition of such a tax must be approved  
4 by a majority of the qualified electors ~~voting in a regular or special~~  
5 ~~election~~ at least every five years from the date of the initial  
6 imposition. ELECTIONS UNDER THIS PARAGRAPH MUST BE HELD ON THE FIRST TUESDAY  
7 FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204,  
8 SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).

9 7. Contract with an existing hospital, ambulance service, city, town  
10 or fire district within the district to provide ambulance related  
11 services. If the district does contract for ambulance services, the district  
12 shall ensure that ambulance services are provided to all areas within the  
13 district. No such contract may provide for the use of aircraft.

14 B. The amount of a levy under subsection A, paragraph 6 shall not  
15 exceed the greater of:

16 1. Six hundred thousand dollars, adjusted annually from a 1989 base  
17 year according to the health services component of the metropolitan Phoenix  
18 consumer price index published by the bureau of business and economic  
19 research, college of business administration, Arizona state university, or  
20 its successor.

21 2. Ten per cent of the hospital's or urgent care center's total  
22 expenses for all purposes required or authorized by this chapter and incurred  
23 in the fiscal year ending immediately before the levy.

24 C. An existing hospital may be converted into an urgent care center by  
25 a vote of the board of directors of the district if the conversion is in the  
26 best interests of the district. An existing urgent care center shall not be  
27 converted into a hospital unless the hospital district is created pursuant to  
28 section 48-261 and this chapter.

29 Sec. 46. Section 48-1912, Arizona Revised Statutes, is amended to  
30 read:

31 ~~48-1912.~~ Bonds

32 A. Bonds may be issued by the hospital district for the purpose of  
33 carrying out any of the provisions of this article. If the board of  
34 directors determines that bonds should be issued, application shall be made  
35 to the board of supervisors by the board, and the board of supervisors shall  
36 submit to a vote of the real property ~~tax-paying~~ TAXPAYING electors residing  
37 in the district the question in the manner provided by ~~article 3 of chapter~~  
38 ~~3,~~ title 35, CHAPTER 3, ARTICLE 3, and if the majority of the electors voting  
39 on the issue approve, the bonds shall be issued as provided by law.  
40 ELECTIONS UNDER THIS SUBSECTION MUST BE HELD ON THE FIRST TUESDAY FOLLOWING  
41 THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B,  
42 PARAGRAPH 1, SUBDIVISION (d).

43 B. Any bonds issued under this article may contain a provision  
44 requiring the establishment of a reserve or reserves in an amount equal to  
45 the requirements of principal and interest payments for the two years during

1 the life of the bonds requiring the largest amount of principal and interest  
2 payments, and the district shall maintain the reserve during the life of the  
3 bond issue for the purpose of protecting against any deficiency in rental  
4 payments or tax collections. If it becomes necessary to withdraw funds from  
5 the reserve to protect against any deficiency, the board of directors of the  
6 district shall levy a tax on all the taxable property in the district  
7 sufficient to maintain the reserve fund in an amount equal to the original  
8 amount thereof. In making the levy for the payment of principal and interest  
9 for the last year when the bonds mature, the board of directors shall take  
10 into consideration the amount of money then in the reserve fund and shall  
11 levy an amount sufficient to pay the principal and interest on the bonds,  
12 less the amount then in the reserve fund.

13 Sec. 47. Section 48-2011.01, Arizona Revised Statutes, is amended to  
14 read:

15 48-2011.01. Wastewater treatment facility and nonpoint source  
16 projects; financial assistance loan repayment  
17 agreements; definition

18 A. Notwithstanding any other law, a sanitary district may construct or  
19 improve a wastewater treatment facility or nonpoint source project with  
20 monies borrowed from or financial assistance provided by the water  
21 infrastructure finance authority of Arizona.

22 B. To repay financial assistance from the water infrastructure finance  
23 authority of Arizona, a sanitary district may enter into a financial  
24 assistance loan repayment agreement with the authority. A financial  
25 assistance loan repayment agreement is payable from any revenues otherwise  
26 authorized by law to be used to pay long-term obligations including a special  
27 assessment on a designated area that is levied and collected pursuant to  
28 article 2 of this chapter.

29 C. The board of directors shall submit the question of entering and  
30 performing a financial assistance loan repayment agreement to the qualified  
31 electors ~~voting at a regular or special general election~~ in the  
32 district. ELECTIONS UNDER THIS SUBSECTION MUST BE HELD ON THE FIRST TUESDAY  
33 FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204,  
34 SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d). An election is not required if  
35 voter approval has previously been obtained for substantially the same  
36 project with another funding source or if the project is constructed with an  
37 assessment levied against a designated area pursuant to article 2 of this  
38 chapter. If a majority of the qualified electors voting on the question:

39 1. Approves, the board of directors may execute, deliver and perform  
40 the financial assistance loan repayment agreement.

41 2. Disapproves, the board of directors shall not execute a financial  
42 assistance loan repayment agreement.

43 D. A financial assistance loan repayment agreement entered into  
44 pursuant to this section shall contain the covenants and conditions  
45 pertaining to the construction of a wastewater treatment facility or nonpoint



1 source project and repayment of the loan as the water infrastructure finance  
2 authority of Arizona deems proper. Financial assistance loan repayment  
3 agreements may provide for the payment of interest on the unpaid principal  
4 balance of such agreement at the rates established in the agreement. The  
5 agreement may also provide for payment of the sanitary district's  
6 proportionate share of the expenses of administering the clean water  
7 revolving fund established by section 49-1221 and may provide that the  
8 sanitary district pay financing and loan administration fees approved by the  
9 water infrastructure finance authority. These costs may be included in the  
10 levy or assessment amounts pledged to repay the financial assistance.  
11 Districts are bound by and shall fully perform the loan repayment agreements,  
12 and the agreements are incontestable after the loan is funded by the water  
13 infrastructure finance authority of Arizona. The sanitary district shall  
14 also agree to pay the authority's costs in issuing bonds or otherwise  
15 borrowing to fund a loan.

16 E. A financial assistance loan repayment agreement under this section  
17 does not create a debt of the sanitary district, and the authority shall not  
18 require that payment of a loan agreement be made from other than those  
19 sources permitted in subsection B of this section.

20 F. A sanitary district may employ or contract for the services of  
21 attorneys, accountants, financial consultants and such other experts in their  
22 field as deemed necessary to perform services with respect to the financial  
23 assistance loan repayment agreement. Charges for these services may be  
24 included in the assessment amounts pledged to repay the loan.

25 G. This section is supplemental and alternative to any other law under  
26 which a sanitary district may borrow money or issue bonds. This section  
27 shall not be construed as the exclusive authorization to enter into loan  
28 agreements with the authority.

29 H. Any financial assistance loan repayment agreement between the  
30 district and the water infrastructure finance authority of Arizona may be  
31 secured by unpaid assessments certified in the manner prescribed by section  
32 48-2067. The financial assistance loan repayment agreement may provide for  
33 different due dates for annual installments of principal, different interest  
34 payment dates, different dates of delinquency and different dates for holding  
35 sales of delinquent properties than otherwise provided for in article 2 of  
36 this chapter. The financial assistance loan repayment agreement may also  
37 provide for mailed notice to property owners in lieu of the publication  
38 requirement prescribed by ~~section~~ **SECTIONS** 48-2068 and ~~section~~ 48-2069.

39 I. A district may borrow additional monies or enter into additional  
40 financial assistance loan repayment agreements with the water infrastructure  
41 finance authority in an amount up to the amount approved pursuant to  
42 subsection C of this section less the amount that the district is obligated  
43 to repay to the water infrastructure finance authority pursuant to a  
44 financial assistance loan repayment agreement.



1 J. For THE purposes of this section, "nonpoint source project" has the  
2 same meaning prescribed in section 49-1201.

3 Sec. 48. Section 48-2020, Arizona Revised Statutes, is amended to  
4 read:

5 48-2020. Bond election; subsequent bond election

6 A. After approval of the survey or plan and report prepared under  
7 section 48-2015 the board of directors of the district shall submit to the  
8 qualified electors of the district, ~~at a special election called for that~~  
9 ~~purpose,~~ the proposition of incurring bonded indebtedness to obtain funds  
10 with which to acquire the property and perform the work set forth by the  
11 report. AN ELECTION UNDER THIS SUBSECTION MUST BE HELD ON THE FIRST TUESDAY  
12 FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204,  
13 SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d). The resolution calling the  
14 election shall set forth:

- 15 1. The purposes of the proposed indebtedness.
- 16 2. A reference to the report for particulars.
- 17 3. The amount of the proposed indebtedness.
- 18 4. The part of the principal to be paid each year.
- 19 5. The maximum rate of interest to be paid.
- 20 6. The date of the election.
- 21 7. The election precincts, polling places and election officers.

22 B. Notice of the election shall be given and the election shall be  
23 held in the manner prescribed by title 16.

24 C. If the proposition of issuing bonds fails to receive the requisite  
25 number of votes to authorize issuance of the bonds, the board of directors  
26 may call another election on the question of issuing bonds under the terms of  
27 this article, either for the same purposes or for any lawful purpose of the  
28 district.

29 Sec. 49. Section 48-2214, Arizona Revised Statutes, is amended to  
30 read:

31 48-2214. Bond election; subsequent bond election

32 A. After approval of the health service survey report the board of  
33 directors of the district shall submit to the qualified electors of the  
34 district, ~~at a special election called for that purpose,~~ the proposition of  
35 incurring bonded indebtedness to obtain funds with which to acquire the  
36 property and perform the work set forth by the report. ELECTIONS UNDER THIS  
37 SUBSECTION MUST BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN  
38 NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1,  
39 SUBDIVISION (d). The resolution calling the election shall set forth:

- 40 1. The purposes of the proposed indebtedness.
- 41 2. A reference to the report for particulars.
- 42 3. The amount of the proposed indebtedness.
- 43 4. The maximum numbers of years for which the bonds may be  
44 outstanding.
- 45 5. The maximum rate of interest to be paid.

1           6. The date of the election.

2           7. The election precincts and polling places.

3           B. The resolution shall be published once each week for three  
4 successive weeks in a newspaper of general circulation in the district.

5           C. If the proposition of issuing bonds fails to receive a majority of  
6 the votes cast at the election to authorize issuance of the bonds, the board  
7 of directors ~~may~~, not less than six months after that election, **MAY** call  
8 another election on the question of issuing bonds under the terms of this  
9 article, either for the same purposes or for any lawful purpose of the  
10 district.

11           D. No bond election shall take place until the board of directors has  
12 demonstrated to the department that contractual arrangements have been made  
13 for staff and a coordinating medical provider, as defined in section 36-2351,  
14 and the department has certified to the board of directors and to the  
15 organizing board that the above arrangements are sufficient to ensure that  
16 ambulatory care services will be available to the district for a period of at  
17 least one year of medical clinic operation.

18           Sec. 50. Section 48-2223, Arizona Revised Statutes, is amended to  
19 read:

20           48-2223. Tax levy for current expenses

21           A. The board of directors of a health service district ~~may~~, at the  
22 time of certifying the amount required for payment of principal and interest  
23 on bonds, **MAY** certify to the board of supervisors the amount necessary to  
24 maintain and operate the health service system of the district during the  
25 ensuing year, and to defray all other expenses incidental to the exercise of  
26 powers granted by this article, together with an estimate of the revenue  
27 which will be received from rentals and service charges. In that event, the  
28 board of supervisors ~~shall~~, at the time of levying county taxes, **SHALL** levy  
29 and cause to be collected in the manner prescribed by law for county taxes, a  
30 tax on real property within the health service district based on the current  
31 assessment roll, sufficient to pay the amount certified, less the amount  
32 estimated to be received from rentals and service charges. The levy for  
33 operational purposes shall not exceed seventy-five cents per one hundred  
34 dollars of assessed valuation except for a district that provides for  
35 ambulance service or a combined medical clinic and ambulance service as  
36 prescribed by section 48-2209.

37           B. The board of directors of a health service district may certify to  
38 the board of supervisors an amount to levy on all taxable property within the  
39 district for the purpose of funding the operation and maintenance of  
40 ambulance service or combined medical clinic and ambulance service that is  
41 owned or operated by the district or to pay the cost of an ambulance service  
42 contract entered into pursuant to section 48-2209. The amount of the levy  
43 necessary for the operation and maintenance of the ambulance service, if any,  
44 shall be separately stated in the levy. Before the initial imposition of  
45 such a tax, a majority of the qualified electors voting in ~~a regular or~~

1 ~~special~~ AN election conducted in the same manner provided in section 48-2213  
2 must approve the initial imposition. THE ELECTION MUST BE HELD ON THE FIRST  
3 TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION  
4 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d). The levy under this  
5 subsection for operation of ambulance service pursuant to this subsection  
6 shall not exceed seventy-five cents per one hundred dollars of assessed  
7 valuation, or one hundred thousand dollars, whichever is less. The one  
8 hundred thousand dollar limit in this subsection shall be adjusted annually  
9 from a 1991 base year according to the health services component of the  
10 metropolitan Phoenix consumer price index published by the bureau of business  
11 and economic research, college of business administration, Arizona state  
12 university or its successor.

13 C. The tax, when collected, shall be paid into the county treasury to  
14 the credit of the operating fund of the district, and the board of directors  
15 may order expenditure of the fund for the purposes for which  
16 levied. Payments from the operating fund shall be made upon claims allowed  
17 by the board of directors, prepared, presented and audited in the same  
18 manner as claims against the county.

19 D. Not less than twenty nor more than thirty days prior to making the  
20 certification to the board of supervisors provided by subsections A and B of  
21 this section, the board of directors shall publish in a newspaper of general  
22 circulation in the district an itemized statement of the amounts proposed to  
23 be certified, and the statement shall contain notice of a meeting to be held  
24 by the board of directors prior to the time for the certification. At that  
25 meeting, any owner of real property within the district may appear and  
26 present objections to any item of the amount proposed to be certified.

27 E. If a district lies in more than one county the amount necessary to  
28 maintain and operate the health service system of the district during the  
29 ensuing year shall be apportioned and the tax levied and collected in the  
30 same manner as established in section 48-2220, subsection E.

31 Sec. 51. Section 48-2442, Arizona Revised Statutes, is amended to  
32 read:

33 48-2442. Bond election; results

34 A. Upon determining the amount of money necessary to be raised for any  
35 or all of the purposes set forth in section 48-2441, the board of directors  
36 shall immediately call ~~a special~~ AN election at which shall be submitted to  
37 the electors of the district the question of whether or not the bonds of the  
38 district shall be issued in the amount so determined. THE ELECTION MUST BE  
39 HELD ON THE FIRST TUESDAY AFTER THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY  
40 SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).

41 B. Notice of the election shall be given by posting notice thereof in  
42 three public places in each election precinct of the district, or if the  
43 district is not divided into divisions, in three public places in the  
44 district, for at least twenty days, and by publication of the notice in a  
45 newspaper published in the county in which the office of the board of

1 directors of the district is located, once a week for at least two successive  
2 weeks. The notice shall specify the time of holding the election, the amount  
3 of bonds proposed to be issued, the maximum rate of interest to be borne on  
4 the bonds and the denominations thereof.

5 C. EXCEPT AS OTHERWISE PROVIDED, the election shall be held and the  
6 results thereof determined and declared in all respects as nearly as  
7 practicable in conformity with the provisions of article 4 of this chapter  
8 governing the election of directors. No informality in conducting the  
9 election shall invalidate the election if it has been otherwise fairly  
10 conducted.

11 D. At the election the ballots shall contain the words "bonds - -yes"  
12 and "bonds - -no." If a majority of the votes cast at the election is  
13 "bonds - -yes", the board of directors shall cause the bonds to be issued.  
14 If a majority of the votes cast is "bonds - -no," the result of the election  
15 shall be declared by the board of directors and entered on its record, and at  
16 any time thereafter when a petition signed by one-fourth or more of the  
17 qualified electors of the district is presented to the board of directors,  
18 the board shall record such presentation in its minutes, and shall thereupon  
19 again submit such question to the electors of the district in the same manner  
20 and with like effect as at the previous election.

21 Sec. 52. Section 48-2635, Arizona Revised Statutes, is amended to  
22 read:

23 48-2635. Notice of petition and hearing

24 A. The secretary of the board of directors shall cause notice of  
25 filing of the petition to be given and published in the same manner and for  
26 the same time that notice of ~~special~~ elections for the issuance of bonds is  
27 required to be published under ~~the provisions of~~ this chapter.

28 B. The notice shall set forth the filing of the petition and the names  
29 of petitioners, a description of the lands mentioned in the petition, and the  
30 prayer of the petition. The notice shall inform all persons interested in,  
31 or who may be affected by the change of boundaries of the district, to appear  
32 at the office of the board at the time stated in the notice and show cause in  
33 writing why the change in the boundaries of the district as proposed in the  
34 petition should not be made. The time to be specified in the notice for  
35 showing cause shall be the next regular meeting of the board after expiration  
36 of the time required for publication of the notice.

37 Sec. 53. Section 48-2708, Arizona Revised Statutes, is amended to  
38 read:

39 48-2708. Levy of special assessment; election; collection;  
40 disbursement

41 A. The board of directors ~~may~~, when it deems it advisable, MAY call  
42 ~~a special~~ AN election, ~~—~~ and submit to the qualified electors of the district  
43 the question of whether or not a special assessment shall be levied for the  
44 purpose of raising money to be applied to any of the purposes provided in  
45 this chapter.

1 B. The election shall be called, held and the result thereof  
2 determined and declared in all respects in conformity with ~~the provisions of~~  
3 section 48-2751. The notice of the election shall specify the amount of  
4 money proposed to be raised and the purpose for which it is intended to be  
5 used. The ballots shall contain the words, "assessment - -yes" and  
6 "assessment - -no." If a majority of the votes cast is "assessment - -yes,"  
7 the board shall proceed in the manner prescribed in this article for  
8 providing funds for the district by taxation.

9 C. When collected the money shall be paid into the county treasury to  
10 the credit of the district, and may be used for the purposes specified in the  
11 notice of the special election.

12 Sec. 54. Section 48-2709, Arizona Revised Statutes, is amended to  
13 read:

14 48-2709. Levy of assessments for completion of drainage works;  
15 election

16 A. If the money raised by the sale of bonds issued pursuant to this  
17 chapter is insufficient, or if the bonds are unavailable for completion of  
18 the plans for drainage and works adopted and additional bonds are not voted,  
19 the board of directors shall provide for the completion of the plans by the  
20 levy of assessments therefor, but such levy shall not be made except as  
21 provided by this section, and the question as to whether or not an assessment  
22 shall be made, levied and collected shall first be submitted to a vote of the  
23 electors of the district.

24 B. Before the question is submitted the order of submission shall be  
25 entered in the minutes of the board of directors, stating the amount to be  
26 levied and the purpose thereof, and if submitted at ~~a special~~ AN election  
27 shall in addition fix the day of election AS PRESCRIBED BY SECTION 16-204,  
28 SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).

29 C. Notice of the ~~special~~ election shall be given by posting notices  
30 thereof in three public places in each election precinct in the district for  
31 at least fifteen days, and by publication of the notice in a newspaper  
32 published in the county in which the office of the board of directors is  
33 located for two successive weeks. The notice shall specify the time of  
34 holding the election and the amount of the assessment proposed to be levied.

35 D. The ~~special~~ election shall be held and the result declared in all  
36 respects as nearly as practicable in conformity with the provisions of  
37 article 4 of this chapter. No informalities in conducting the election shall  
38 invalidate it if the election has been otherwise fairly conducted. The  
39 ballots at the election shall contain the words, "assessment - -yes" and  
40 "assessment - -no."

41 E. If a majority of the votes cast is "assessment - -yes," the board  
42 shall proceed in the same manner as nearly as practicable as prescribed by  
43 this article for raising funds for annual expenditures of the district. If a  
44 majority of the votes cast is "assessment - -no," the result of the election

1 shall be declared and entered of record on the minutes of the board of  
2 directors.

3 Sec. 55. Section 48-2751, Arizona Revised Statutes, is amended to  
4 read:

5 48-2751. Bond election: results

6 A. For the purpose of constructing the necessary conduits, drains,  
7 sluices, water-gates, pumps, pumping plants, embankments and any and all  
8 other works and appliances necessary for the drainage of the lands of the  
9 district, acquiring the necessary property and rights therefor and otherwise  
10 carrying out ~~the provisions of~~ this chapter, the board of directors of the  
11 district shall, as soon after the district has been organized as is  
12 practicable, and thereafter when the construction fund has been exhausted and  
13 it is necessary to raise additional money for such purposes, estimate and  
14 determine the amount of money necessary to be raised therefor.

15 B. The board shall immediately call ~~a special~~ AN election at which  
16 shall be submitted to the electors of the district the question of whether or  
17 not the bonds of the district shall be issued in the amount so  
18 determined. THE ELECTION SHALL BE HELD ON THE FIRST TUESDAY FOLLOWING THE  
19 FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B,  
20 PARAGRAPH 1, SUBDIVISION (d).

21 C. Notice of the election shall be given by posting notice thereof in  
22 three public places in each election precinct of the district, or if the  
23 district is not divided into divisions, in three public places in the  
24 district, for at least twenty days, and by publication of the notice in a  
25 newspaper published in the county in which the office of the board of  
26 directors is located, once a week for at least two successive weeks. The  
27 notice shall specify the time of holding the election, the amount of bonds  
28 proposed to be issued, the denominations thereof and the maximum rate of  
29 interest which the bonds shall bear.

30 D. The election shall be held and the results thereof determined and  
31 declared in all respects as nearly as practicable in conformity with article  
32 4 of this chapter governing the election of directors. No informality in  
33 conducting the election shall invalidate it if the election has been  
34 otherwise fairly conducted.

35 E. At the election the ballots shall contain the words, "bonds - -yes"  
36 and "bonds - -no." If a majority of the votes cast at the election is  
37 "bonds - -yes," the board of directors shall cause the bonds to be issued.  
38 If a majority of the votes cast at the election is "bonds - -no," the result  
39 of the election shall be declared by the board of directors and entered on  
40 its record, and at any time thereafter when a petition signed by one fourth  
41 or more of the qualified electors of the district is presented to the board  
42 of directors, the board shall record such presentation in its minutes and  
43 shall thereupon again submit such question to the electors of the district in  
44 the same manner and with like effect as at the previous election.

1           Sec. 56. Section 48-2773, Arizona Revised Statutes, is amended to  
2 read:

3           48-2773. Election to authorize issuance of refunding bonds

4           A. Immediately after entering the petition on its minutes, the board  
5 shall call ~~a special~~ AN election at which shall be submitted to the qualified  
6 electors of the district the question of whether or not the bonds of the  
7 district, in the amount set forth in the petition, shall be issued. THE  
8 ELECTION MUST BE HELD ON THE FIRST TUESDAY AFTER THE FIRST MONDAY IN NOVEMBER  
9 AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).

10          B. Notice of the election shall be given by posting notice thereof in  
11 three public places in each election precinct in the district for at least  
12 twenty days, and by publication of the notice in a newspaper published in the  
13 county in which the office of the board of directors is located, once a week  
14 for at least two consecutive weeks before the election. The amount of  
15 refunding bonds proposed to be issued and the amount of bonds, coupons or  
16 other evidences of indebtedness proposed to be refunded, together with a  
17 general description thereof, and the time of holding the election, shall be  
18 specified in the notice.

19          C. The election shall be held, and the results thereof determined and  
20 declared, in all respects as nearly as practicable in conformity with the  
21 provisions of article 4 of this chapter. No informalities in conducting the  
22 election shall invalidate it if the election has been otherwise fairly  
23 conducted. The ballots at the election shall contain the words,  
24 "Bonds - -Yes" and "Bonds - -No". If two thirds of the votes cast is  
25 "Bonds - -Yes", the board of directors shall issue the refunding bonds. If  
26 more than one third of the votes cast at the election is "Bonds - -No", the  
27 result of the election shall be so declared. The result in either event  
28 shall be entered of record in the minutes of the board of directors.

29          Sec. 57. Section 48-3189, Arizona Revised Statutes, is amended to  
30 read:

31           48-3189. Resolution adopting plan and calling for issuance of  
32 bonds; call for bond election

33          A. Upon receipt of the report of the state certification board the  
34 board of directors may determine and declare by resolution that its original  
35 plan of works or some modified plan recommended by the state certification  
36 board is adopted and that the amount of bonds as stated in its original  
37 estimate or a different amount suggested by the state certification board  
38 should be issued in order to raise the money necessary therefor.

39          B. Bonds issued for carrying out a plan disapproved by the state  
40 certification board shall not be certified for any purpose by the state  
41 certification board, or if any district issues bonds in an amount approved by  
42 the state certification board, the district shall not make any material  
43 change in the plans thereafter without written consent of the state  
44 certification board.



1 C. Immediately after adoption of the resolution determining the amount  
2 of bonds, the board of directors shall call ~~a special~~ AN election at which  
3 shall be submitted to the qualified electors of the district the question of  
4 whether or not the bonds of the district in such amount shall be  
5 authorized. THE ELECTION MUST BE HELD ON THE FIRST TUESDAY FOLLOWING THE  
6 FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B,  
7 PARAGRAPH 1, SUBDIVISION (d).

8 Sec. 58. Section 48-3190, Arizona Revised Statutes, is amended to  
9 read:

10 48-3190. Election to authorize issuance of bonds

11 A. Notice of election shall be given by posting notices in three  
12 public places in the district for at least twenty days prior to the date of  
13 the election and by publication thereof in a newspaper published in the  
14 county in which the office of the board of directors is located, once a week  
15 for at least three successive weeks prior to the election. The notice shall  
16 specify the time of holding the election, the maximum principal amount of  
17 bonds proposed to be issued, the purpose for which the bonds are to be issued  
18 and the maximum rate of interest which the bonds are to bear and the location  
19 of the polling places.

20 B. EXCEPT AS OTHERWISE PROVIDED, the election shall be held and the  
21 result thereof determined and declared in all respects as nearly as  
22 practicable in conformity with article 4 of this chapter governing the  
23 election of directors. No informalities in conducting the election shall  
24 invalidate the election if it has been otherwise fairly conducted.

25 C. At the election the ballot shall contain the words: "Bonds - -Yes,"  
26 and "Bonds - -No,". To the right OF and opposite each phrase shall be placed  
27 a square approximately the size of the squares placed opposite the names of  
28 candidates on ballots. The voter shall indicate his vote "Bonds - -Yes" or  
29 "Bonds - -No" by inserting the mark "X" in the square opposite such  
30 phrase. No other question, word or figure need be printed on the  
31 ballot. The ballot need not be of any particular size, and sample ballots  
32 are not required to be printed, posted or distributed. If the majority of  
33 the votes cast is "Bonds - -Yes," the bonds shall be sold at such times and  
34 in such amounts as the board of directors deems advisable.

35 D. When thereafter the board deems it for the best interest of the  
36 district that bonds be issued for district purposes and that the question of  
37 issuance thereof be submitted to the electors, the board shall adopt a  
38 resolution to that effect and record it in its minutes, and the board may  
39 thereupon submit the questions to the electors in the same manner and with  
40 like effect as at the previous election.



1       Sec. 59. Section 48-3618, Arizona Revised Statutes, is amended to  
2 read:

3       48-3618. Resolution calling for bond election; notice; manner  
4               of conducting election

5       A. After a county flood control district has been established pursuant  
6 to this article, the board may order that facilities be acquired,  
7 constructed, operated and maintained from available monies of the  
8 district. If sufficient monies are not available, the board may call an  
9 election of the electors of the district qualified to vote under article VII,  
10 section 13, Constitution of Arizona, to obtain approval for incurring bonded  
11 indebtedness of the district to obtain revenue to acquire by purchase,  
12 construction or otherwise all or any portion of such facilities.

13       B. After authority has been acquired for instituting a project within  
14 a zone or a joint project by two or more contiguous zones in a district  
15 established under this article, the board may order that the facilities  
16 approved in the project or joint project be acquired, constructed, operated  
17 and maintained from the monies held by the district treasurer for expenditure  
18 in the respective zone or zones. If sufficient monies are not available, the  
19 board may call an election of the electors of the zone, or of the zones for  
20 which a joint project has been authorized, who are qualified to vote under  
21 article VII, section 13, Constitution of Arizona, to obtain approval for  
22 incurring bonded indebtedness, ~~to~~ to obtain revenue to acquire by purchase,  
23 construction or otherwise all or any portion of the facilities.

24       C. The board resolution shall set forth the purpose of the  
25 indebtedness, the amount of the indebtedness, the maximum number of years for  
26 which the indebtedness is to be incurred, the maximum rate of interest to be  
27 paid and the date of the election and shall list the voting places to be used  
28 at the election. THE ELECTION MUST BE HELD ON THE FIRST TUESDAY FOLLOWING  
29 THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B,  
30 PARAGRAPH 1, SUBDIVISION (d). The resolution constitutes a notice of the  
31 election and shall be published once each week for three consecutive weeks in  
32 a newspaper of general circulation in the area of jurisdiction, or if there  
33 is no such newspaper, then notice shall be posted in not less than three  
34 public places within the area of jurisdiction, the first of which  
35 publications shall be not less than twenty days before the date fixed for the  
36 election. Publication on the same day of each week is sufficient whether or  
37 not a daily newspaper is used for the publication.

38       D. Except as otherwise expressly provided, the election shall be  
39 called and held and the results canvassed in the manner provided by the laws  
40 of this state for holding elections on the issuance of bonds by counties for  
41 general county purposes. ~~The board may~~ For purposes of the election THE  
42 BOARD MAY treat the entire district as a single precinct or may divide the  
43 district into such precincts and fix such polling places as it may see fit.

1 E. If a majority of the votes cast on the proposition is in favor of  
2 incurring the bonded indebtedness proposed, the bonds so authorized may be  
3 sold and issued by the board of directors either at one time or in blocks.

4 Sec. 60. Section 48-3620, Arizona Revised Statutes, is amended to  
5 read:

6 48-3620. Certification and levy of taxes: limitation

7 A. The district shall annually, not less than fifteen days before the  
8 first day of the month in which the county board of supervisors is required  
9 by law to levy county taxes, certify to the board of supervisors:

10 1. The amount of taxes to be levied in each year on the taxable real  
11 property in the district as it considers necessary or appropriate to pay the  
12 expenses of administering the district and maintaining and operating the  
13 district's flood control system, to carry out its regulatory functions and to  
14 carry out any of the objects and purposes of this article of common benefit  
15 to the district. The maintenance and operation tax proceeds not used for  
16 current expenses of maintenance and operation may either be paid into a  
17 reserve to be accumulated for such purpose or may be used for extending,  
18 improving and constructing the flood control system including acquiring  
19 rights-of-way.

20 2. The amount of taxes to be levied in each year on all taxable real  
21 property in each zone or in any of the zones into which the district has been  
22 divided, according to the benefits derived or to be derived by the respective  
23 zones, to pay the cost and expenses of carrying out any of the objects or  
24 purposes of this article of special benefit to the respective zones,  
25 including acquiring, constructing, maintaining, operating, extending,  
26 repairing or otherwise improving any or all flood control works or  
27 improvements in the respective zones and including acquiring rights-of-way.  
28 No revenues derived from any of the several zones from the taxes levied under  
29 this section may be expended for acquiring, constructing, maintaining,  
30 operating, extending, repairing or otherwise improving any works or  
31 improvements located in any other zone, except under section 48-3620.01.

32 3. The amount of secondary property taxes necessary to be levied to  
33 pay the principal and interest falling due during the ensuing year on, or to  
34 provide a sinking fund for, any bonds issued pursuant to section 48-3619.

35 B. The taxes collected pursuant to this section shall be paid to the  
36 district treasurer and used solely for the purpose for which they were  
37 levied.

38 C. The board of supervisors at the time of levying general county  
39 taxes shall levy and cause to be collected in the manner prescribed by law  
40 for county taxes a property tax or taxes on the taxable real property in the  
41 district, zone or zones sufficient to provide the amounts set forth in  
42 subsection A of this section.

43 D. If the district fails to certify to the board of supervisors any of  
44 the amounts of taxes necessary to be levied as required by this section, the

1 board of supervisors shall ascertain the amount which should have been  
2 certified and shall levy the tax sufficient to produce such amount.

3 E. If a district is located in a county having a population of less  
4 than six hundred thousand persons according to the most recent United States  
5 decennial census, beginning with the 1993 tax year, the aggregate taxes  
6 levied in any year under this article by the district for the purposes listed  
7 in subsection A, paragraph 1 of this section shall not exceed twenty per cent  
8 of the county primary property tax rate exclusive of the ~~county~~ STATE  
9 equalization assistance ~~for education~~ PROPERTY TAX rate or fifty cents per  
10 one hundred dollars of assessed valuation, whichever is greater. The  
11 aggregate taxes levied for any year under this article on property in a zone  
12 for the purposes listed in subsection A, paragraph 2 of this section in a  
13 district located in a county having a population of less than six hundred  
14 thousand persons according to the most recent United States decennial census,  
15 if added to the aggregate taxes, if any, levied for the purposes listed in  
16 subsection A, paragraph 1 of this section, shall not exceed twenty per cent  
17 of the county primary property tax rate exclusive of the ~~county~~ STATE  
18 equalization assistance ~~for education~~ PROPERTY TAX rate or fifty cents per  
19 one hundred dollars of assessed valuation, whichever is greater. The taxes  
20 levied under this article in a district located in a county having a  
21 population of less than six hundred thousand persons according to the most  
22 recent United States decennial census may exceed the limits prescribed by  
23 this subsection if approved by a majority of the qualified electors of the  
24 district voting in a regular general election held pursuant to title 16,  
25 chapter 2, article 2 or at a special election held pursuant to title 16,  
26 chapter 2, article 3. The ballot for the election shall specifically state  
27 the proposed rate and the fiscal year or years in which the excess tax levies  
28 are proposed to be assessed.

29 Sec. 61. Section 48-4021, Arizona Revised Statutes, is amended to  
30 read:

31 48-4021. Community corrections taxes: election

32 A. If approved at an election pursuant to this section, the district  
33 board of directors may levy either an excise tax in the district as provided  
34 by section 48-4022 or an ad valorem tax on the taxable property in the  
35 district as provided by section 48-4023. A district may not levy both an  
36 excise tax and an ad valorem property tax.

37 B. If the board of directors proposes ~~such a~~ AN EXCISE tax levy, the  
38 board, by resolution, shall either order and call a district-wide special  
39 election or place the issue on the ballot of a regular general election held  
40 in the district. IF THE BOARD PROPOSES AN AD VALOREM TAX, THE BOARD, BY  
41 RESOLUTION, SHALL ORDER AND CALL A DISTRICT-WIDE ELECTION TO BE HELD ON THE  
42 FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION  
43 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d). The board shall specify  
44 on the ballot the purpose of the tax, the maximum rate of tax, the number of  
45 years for which the tax will be authorized and the estimated future revenue

1 needs including the maintenance of effort requirements imposed on the county  
2 by this article. The rate of tax shall not exceed the limits prescribed by  
3 this article. To be valid the tax authorization must be approved by a  
4 majority of the qualified electors voting at the election.

5 C. In addition to any other requirements prescribed by law, the board  
6 shall prepare, print and distribute publicity pamphlets concerning the tax  
7 issue proposed. The board shall distribute one copy of the publicity  
8 pamphlet to each household containing a registered voter in the district at  
9 least ten but not more than thirty days before the election. The publicity  
10 pamphlet shall contain all of the following:

- 11 1. The date of the election.
- 12 2. Polling places and the times the polling places will be open.
- 13 3. A true copy of the title and text of the resolution proposing the  
14 tax.
- 15 4. A summary of the purposes for which the tax is proposed to be  
16 levied.
- 17 5. The estimated revenue needs, including the maintenance of effort  
18 requirements imposed on the county by this article, for the described  
19 purposes.

20 6. An estimate of the annual amount of revenues to be raised from the  
21 proposed tax levy.

22 7. Arguments for and against the proposed tax levy.

23 Sec. 62. Section 48-4543, Arizona Revised Statutes, is amended to  
24 read:

25 48-4543. General obligation bond election: results

26 A. On determining the amount of money that is necessary to be raised  
27 for any of the purposes set forth in section 48-4542 and that may be subject  
28 to repayment under section 48-4503, subsection B, paragraph 1, the board  
29 shall immediately call ~~a special~~ AN election to submit to the electors of the  
30 district the question of whether the bonds of the district shall be issued in  
31 the amount so determined. THE ELECTION MUST BE HELD ON THE FIRST TUESDAY  
32 FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204,  
33 SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).

34 B. Notice of the election shall be posted in three public places in  
35 each election precinct of the district for at least twenty days and by  
36 publication in a newspaper published in the county in which the office of the  
37 board of directors of the district is located once a week for at least two  
38 consecutive weeks. The notice shall state the date of the election, the  
39 amount of bonds proposed to be issued, the maximum rate of interest to be  
40 borne on the bonds and the denominations.

41 C. The election shall be held and the results shall be determined and  
42 declared in a manner as nearly as practicable as provided by section 48-4433  
43 governing the election of board members. Informalities in conducting the  
44 election do not invalidate the election if it has been otherwise fairly  
45 conducted.

1 D. At the election the ballots shall contain the words "bonds--yes"  
2 and "bonds--no". If a majority of the votes cast at the election is "bonds--  
3 yes", the board of directors shall cause the bonds to be issued. If a  
4 majority of the votes cast is "bonds--no", the result of the election shall  
5 be declared by the board of directors and entered on its record, and at any  
6 time thereafter when a petition signed by one-fourth or more of the qualified  
7 electors of the district is presented to the board of directors, the board  
8 shall record such presentation in its minutes and shall again submit the  
9 question to the electors of the district in the same manner and with similar  
10 effect as at the previous election.

11 Sec. 63. Section 48-5501.01, Arizona Revised Statutes, is amended to  
12 read:

13 48-5501.01. Establishment of special health care district

14 A. In a county with a population of two million or more persons, the  
15 county board of supervisors may submit to a vote of the qualified electors  
16 the question of forming a special health care district. The board of  
17 supervisors may submit as a single issue the question of forming the special  
18 health care district with authority to impose a secondary property tax  
19 pursuant to sections 48-5563 and 48-5565 and bonding authority. A special  
20 health care district formed pursuant to this section shall be geographically  
21 coterminous with the county boundaries, and the qualified electors of the  
22 county are qualified electors for any election held pursuant to this section.

23 B. If a majority of the qualified electors voting on the issue  
24 approves the formation of the special health care district, the board of  
25 supervisors shall order the establishment of the special health care district  
26 and shall serve as the board of directors of the district until directors are  
27 elected at the next general election as prescribed by section 48-5541.01.  
28 The order of the board of supervisors establishing the special health care  
29 district is final, and the special health care district is established on  
30 issuance of the order establishing the district.

31 C. The board of supervisors may also include at the formation election  
32 or at any other election called for that purpose the question of issuance of  
33 bonds pursuant to section 48-5566. ANY ELECTION THAT INCLUDES THE QUESTION  
34 OF ISSUANCE OF BONDS MUST BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST  
35 MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH  
36 1, SUBDIVISION (d).

37 D. A special health care district is a tax levying public improvement  
38 district for all purposes of article XIII, section 7, Constitution of  
39 Arizona, to the extent of the powers, privileges and immunities conferred by  
40 this chapter or granted generally to tax levying public improvement districts  
41 by the constitution and statutes of this state.

42 E. If a special health care district is established pursuant to this  
43 section, beginning in the fiscal year that county health care system  
44 operations are transferred to the district, the economic estimates commission

1 shall decrease the county's base expenditure limit as provided by section  
2 41-563 by an amount determined as follows:

3 1. Divide the amount of the county's expenditures subject to  
4 limitation that pertain to the transferred health care system operations for  
5 the preceding fiscal year, as determined by the auditor general from the  
6 annual expenditure limitation report of the county, by the GDP price  
7 deflator, as defined in section 41-563, for that fiscal year used to  
8 calculate expenditure limitations for the fiscal year of the transfer.

9 2. Multiply the quotient by the GDP price deflator determined for  
10 fiscal year 1979-1980.

11 3. Divide the amount determined in paragraph 2 for the fiscal year of  
12 the transfer by the population of the county, as defined in article IX,  
13 section 20, subsection (3), paragraph (f), Constitution of Arizona, for the  
14 same fiscal year used to calculate expenditure limitations for the fiscal  
15 year of the transfer.

16 4. Multiply the quotient by the population of the county for fiscal  
17 year 1979-1980.

18 Sec. 64. Section 48-5566, Arizona Revised Statutes, is amended to  
19 read:

20 48-5566. Issuing bonds; election

21 A. On the approval of a majority of the qualified electors, a special  
22 health care district may issue bonds to carry out any of the provisions of  
23 this article. If the board of directors determines that bonds should be  
24 issued, the board of directors shall apply to the board of supervisors, and  
25 the board of supervisors shall submit to a vote of the qualified electors  
26 residing in the district the question in the manner prescribed by title 35,  
27 chapter 3, article 3. THE ELECTION MUST BE HELD ON THE FIRST TUESDAY  
28 FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204,  
29 SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).

30 B. If a majority of the qualified electors voting on the issue ~~at an~~  
31 ~~election scheduled pursuant to section 48-5503, subsection B~~ approves the  
32 issue, the bonds shall be issued as provided by law.

33 Sec. 65. 2006 primary property tax levies; counties, cities,  
34 towns and community college districts

35 Notwithstanding sections 15-1461.01 and 42-17107, Arizona Revised  
36 Statutes, for the 2006 tax year a county, city, town or community college  
37 district shall not fix, levy or assess an amount of primary property taxes  
38 that exceeds the lesser of:

39 1. The amount levied in the 2005 tax year multiplied by 1.02, plus any  
40 amounts that are attributable to new construction.

41 2. The amount of the levy limit prescribed by article IX, section 19,  
42 Constitution of Arizona, for the county, city, town or community college  
43 district for the 2006 tax year as calculated pursuant to section 42-17051,  
44 Arizona Revised Statutes.

1           Sec. 66. Retroactivity

2           A. Section 43-1011, Arizona Revised Statutes, as amended by this act,  
3 applies retroactively to taxable years beginning from and after December 31,  
4 2005.

5           B. Section 65 of this act, relating to the 2006 primary property tax  
6 levies, is effective retroactively to from and after June 30, 2006.

7           Sec. 67. Effective date

8           A. Sections 25 through 32 of this act are effective from and after  
9 October 31, 2006.

10          B. Section 35-454, Arizona Revised Statutes, as amended by this act,  
11 is effective from and after December 31, 2006.

12          C. Sections 1 through 8, 10 through 13, 18 through 21, 33, 34, 35, 37  
13 through 59 and 61 through 64 of this act are effective from and after June  
14 30, 2007.